

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2635-01
Bill No.: HB 1144
Subject: Civil Rights; Courts; Liability
Type: Original
Date: April 24, 2007

Bill Summary: This proposal modifies Missouri human rights law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Federal Funds	(\$1,126,088)	(\$1,126,088)	(\$1,126,088)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$1,126,088)	(\$1,126,088)	(\$1,126,088)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0



Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).



Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations** assume this bill modifies several definitions in the Missouri Human Rights Act, including the definition of discrimination.

The bill was sent to the Department of Housing and Urban Development (HUD) and the Equal Employment Opportunity Commission (EEOC) for their analysis of the new language and to determine if this would effect the Missouri Commission on Human Rights' substantial equivalency to the federal law and its continuing ability to contract for federal funds.

HUD has provided a verbal response to the Department indicating the proposed changes to Chapter 213 would definitely affect the Missouri Commission on Human Rights' (MCHR) compliance with respect to its contracts with HUD.

The Department has not received a response yet from the EEOC.

The fiscal impact was calculated by using the current EEOC and HUD contract amounts. The total for MCHR's contract with HUD equals \$428,088. The contract amount with EEOC is currently \$698,000. HUD has already indicated a compliance issue with the new language. The fiscal impact at this time is \$1,126,088.

Officials at the **Office of the Attorney General (AGO)** assume that it can absorb any costs associated with this proposal. AGO assumes that this proposal will not impact the number of claims made to the Human Rights Commission but may impact the resolution of some of those cases. AGO assumes that it will have roughly the same responsibilities in representing the Commission under this proposal.

Officials at the **Risk Management** assume a potential savings for the state that cannot be determined at this time.

Officials at the **Administrative Hearing Commission, Department of Conservation, Missouri Department of Transportation** and the **Office of the State Courts Administrator** assume that there is no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Savings</u> - General Revenue			
Limitations on punitive damages	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON GENERAL REVENUE	Unknown	Unknown	Unknown
FEDERAL FUNDS			
<u>Loss</u> - HUD Contract	(\$1,126,088)	(\$1,126,088)	(\$1,126,088)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(\$1,126,088)</u>	<u>(\$1,126,088)</u>	<u>(\$1,126,088)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2008 (10 Mo.)	 FY 2009	 FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies the causation standard which is the basis for a discriminatory employment practice under Missouri's human rights law.

For the purposes of human rights violations for discriminatory employment practices, the act changes the definition of "discrimination" from "unfair treatment based on" race, color, religion, national origin, ancestry, sex, age, disability, or familial status to "adverse actions motivated by" such factors.

Currently the definition of "employer" includes persons directly acting in the interest of an employer. The act removes such individuals from the definition.

The act supplants the current nomenclature describing the standard for discrimination. Currently, violations occur when an individual discriminates "because of" race, color, religion, national origin, ancestry, sex, age, disability, or familial status. This act replaces that standard with discrimination which is "motivated by" such traits.

Employers may escape liability if they prove they would have taken the same action absent the discriminatory motivating factor.

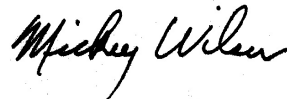
When an employer engages in a discriminatory employment practice that creates a cause of action and subsequently discovers evidence that would have constituted cause for dismissal, compensatory damages will be computed only up to the time when the employer would have dismissed the employee.

The act bars punitive and exemplary damage awards against public entities for human rights violations

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Department of Transportation
Office of the Attorney General
Office of Administration
Risk Management
Office of the State Courts Administrator
Administrative Hearing Commission
Department of Conservation



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Director
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