

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5041-01
Bill No.: HB 2094
Subject: Labor and Management
Type: Original
Date: February 26, 2008

Bill Summary: This proposal requires labor unions not subject to the federal Labor Management Reporting and Disclosure Act to publicly disclose information concerning their finances.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$302,470)	(\$370,178)	(\$381,284)
Total Estimated Net Effect on General Revenue Fund	(\$302,470)	(\$370,178)	(\$381,284)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Department of Labor and Industrial Relations	8 FTE	8 FTE	8 FTE
Total Estimated Net Effect on FTE	8 FTE	8 FTE	8 FTE

☐ 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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal would enact specific requirements for labor unions that do not currently exist. It establishes a new system that would mostly be administered by DOLIR. Significant impact could result on DOLIR.

295.412 and 295.414 require DOLIR to establish a system for unions to file their bylaws, list of officers, etc. and update these annually. They also require DOLIR to establish a system for unions to file annual financial disclosure reports and for officers and employees to file annual personal financial statements. This would require additional staff.

295.418 - These reports are considered open records, and DOLIR would therefore be required to respond to sunshine requests relating to this information. DOLIR is also required to promulgate regulations establishing procedures for obtaining this information (295.418). This would require additional staff.

295.424 – DOLIR is required to promulgate rules relating to forms and reports required, and authorizing a simplified process for smaller organizations if a hearing is held and DOLIR determines it is in best interest to allow simplified reporting. This will require additional staff.

295.436 – Requires DOLIR to conduct review of union bonds and sureties and exempt certain ones. This would require additional staff.

In total the Department estimates that 8 FTE would be required to implement this legislation as follows:

Three Senior Office Support Assistants to receive, process and compile the required reports and one Administrative Analyst II to ensure that the reports conform to the requirements of the legislation.

Two journey-level Investigators would be necessary to investigate routine claims of violations along one senior-level Investigator to handle more complex investigations and supervise the day-to-day work of the other two investigators.

One Labor and Industrial Relations Manager (Band 3) would be necessary to manage the overall budget and operations of the program.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Department of Elementary and Secondary Education** assume there is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, DESE cannot know how much additional money might be collected by local governments or the DOR to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials from the **Department of Corrections (DOC)** stated that they could not predict the number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs either through incarceration (FY 2007 average \$42.21 per inmate, per day or an annual cost of \$15,040) or through supervision provided by the Board of Probation and Parole (FY 2007 average \$2.43 per offender, per day or an annual cost of \$887).

ASSUMPTION (continued)

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Oversight assumes that the conviction and incarceration of only one person would create a minimal fiscal impact of less than \$100,000 annually which could be absorbed by the Department of Corrections.

Officials at the **Administrative Hearing Commission, Lincoln University, Linn State Technical College, Department of Agriculture, City of West Plains, Metropolitan Community College, Department of Higher Education, Department of Public Safety, City of Centralia, Department of Economic Development, Budget and Planning, Office of the State Courts Administrator, Missouri Veterans Commission, Department of Revenue, Office of the Attorney General, Moberly Area Community College, State Tax Commission, Department of Conservation, Office of the State Auditor, Office of the State Treasurer, City of Columbia, Department of Health and Senior Services, Department of Insurance, Financial Institutions and Professional Registration, Missouri Department of Transportation, Department of Mental Health, Department of Natural Resources, Department of Social Services, Office of Administration** and the **Missouri State University** assume that there is no fiscal impact from this proposal to their institution.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Cost - Department of Labor</u>			
Personal Service	(\$197,358)	(\$243,935)	(\$251,253)
Fringe Benefits	(\$87,272)	(\$107,868)	(\$111,104)
Equipment and Expense	(\$17,840)	(\$18,375)	(\$18,927)
<u>Total Costs - Department of Labor</u>	<u>(\$302,470)</u>	<u>(\$370,178)</u>	<u>(\$381,284)</u>
FTE Change - Dept. of Labor	8 FTE	8 FTE	8 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$302,470)</u>	<u>(\$370,178)</u>	<u>(\$381,284)</u>
Estimated Net FTE Change on General Revenue	8 FTE	8 FTE	8 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
	<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 bill requires labor unions that are not subject to the federal Labor Management Reporting and Disclosure Act to publicly disclose by filing annually with the Department of Labor and Industrial Relations the following information concerning their finances:

- (1) Assets including cash, accounts receivable, loans receivable, United States treasury securities, investments, and other assets;
- (2) Liabilities including accounts payable, loans payable, mortgages, and other liabilities;
- (3) Cash receipts from sources including dues, fees, sales, interest, rent, and dividends;
- (4) Salary, allowances, and other direct or indirect disbursements, including reimbursed expenses, to each officer and employee who during the fiscal year received more than \$10,000 in

FISCAL DESCRIPTION (continued)

the aggregate from the labor organization or any affiliate of the labor organization; and
(5) Membership status including active, inactive, associate, apprentice, retired, and others.

Fines and penalties for noncompliance are specified. These provisions mirror the federal Lundrum-Griffin Act.

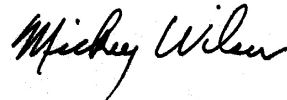
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Administrative Hearing Commission
Linn State Technical College
Lincoln University
Department of Agriculture
City of West Plains
Metropolitan Community College
Department of Higher Education
Department of Public Safety
City of Centralia
Department of Economic Development
Budget and Planning
Office of the State Courts Administrator
Missouri Veterans Commission
Department of Revenue
Office of the Attorney General
Moberly Area Community College
State Tax Commission
Department of Conservation
Office of the State Auditor
Office of the State Treasurer
Office of the Secretary of State
City of Columbia
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Missouri Department of Transportation
Department of Mental Health

SOURCES OF INFORMATION (continued)

Department of Natural Resources
Department of Corrections
Department of Social Services
Office of Administration
Missouri State University
Department of Labor and Industrial Relations

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 26, 2008