

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4563-01
Bill No.: HB 1053
Subject: Labor and Industrial Relations, Department of
Type: Original
Date: January 17, 2014

Bill Summary: Upon voter approval, this proposal would prohibit a person as a condition or continuation of employment from being required to become or refrain from becoming a member of, or pay dues to, a labor organization.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 or (More than \$7,100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0 or (More than \$7,100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** provided the following response.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the General Assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, subsection 115.063.2, RSMo, requires the state to pay the costs. The cost of the special election has been estimated to be \$7.1 million based on the cost of the 2012 presidential preference primary. This estimate was determined through analyzing and totaling expense reports from the 2012 presidential preference primary received from local election authorities.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and sections 116.230-116.290, RSMo. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 constitutional amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). Therefore, the SOS assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these publications are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

ASSUMPTION (continued)

Officials from the **Office of the Attorney General (AGO)** assume the proposal would give non-discretionary concurrent jurisdiction to prosecuting attorneys and the AGO to investigate complaints of violations, and to use "all means at their command" to ensure effective enforcement. The number of any violations would be unknown. Therefore costs to AGO are unknown but could exceed \$100,000. If significant cases result from the proposal, AGO may seek an additional future appropriation to effectively enforce it.

Officials from the **Office of Prosecution Services (OPS)** assumed similar language in HB 1099, LR 4633-01, would have no measurable impact to their organization. OPS officials stated the creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Oversight assumes this proposal would not result in significant additional cost to the Office of the Attorney General or the Office of Prosecution Services . If unanticipated additional costs are incurred or if multiple proposals are implemented which result in additional costs, resources could be requested through the budget process.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would not result in any additional costs or savings to their organization.

BAP officials deferred to the Office of Administration - Division of Personnel for an estimate of the statewide impact of this proposal.

Officials from the **City of Kansas City** assume potential costs would be unlikely. If the City were to require someone to be a member of a labor union or not allow someone to be a member of a labor union, that individual would have a right to recover damages from the City, so there is a liability risk, including attorney's fees and costs. However, because the City's labor force is already a mix of union and non-union employees, City officials considered it unlikely the City would violate this provision.

Officials from the **Joint Committee on Administrative Rules**, the **Office of Administration - Division of Personnel**, the **Department of Labor and Industrial Relations**, the **City of Sullivan**, and the **Francis Howell School District** assume the proposal would have no fiscal impact to their organizations.

ASSUMPTION (continued)

Organizations not responding

Officials from the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Kansas City Metro Community College, Linn State Technical College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Missouri State University, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University, University of Central Missouri and the University of Missouri did not respond to our request for information.

Officials from the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Warren, Wayne and Worth did not respond to our request for information.

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to our request for information.

Officials from the following school districts: Blue Springs, Branson, Charleston R-I, Cole R-I, Columbia, Fair Grove, Fulton, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kansas City, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Nixa, Parkway, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Special School District of St. Louis County, Spickard, St. Joseph, St. Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to our request for information.

ASSUMPTION (continued)

Oversight has reflected in this fiscal note, the potential cost of state reimbursements to local governments for a special election in fiscal year 2015. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2014 (FY 2015). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2015.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Transfer Out - Secretary of State - reimbursement of special election costs</u>	\$0 or (More than <u>\$7,100,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0 or (More than <u>\$7,100,000</u>)	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENTS			
<u>Transfer In</u> - from General Revenue Fund for reimbursement of special election costs	\$0 or More than \$7,100,000	\$0	\$0
	\$0 or (More than		
<u>Cost</u> - special election costs	<u>\$7,100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<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 proposal would specify that a person as a condition or continuation of employment could not be required to:

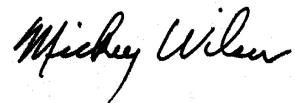
- (1) Become or refrain from becoming a member of a labor organization; or
- (2) Pay dues, fees, assessments, or other charges to a labor organization; or
- (3) Pay to any charity or other third party any equivalent amount in lieu of dues, fees, assessments, or other charges required by a labor organization.

Any agreement, understanding, or practice between a labor organization and an employer that violates the rights of employees as specified in the proposal would be unlawful, null and void, and of no legal effect. Anyone violating a provision of the proposal would be guilty of a class C misdemeanor, and any person injured as a result of a violation of a provision of the proposal may recover all resulting damages, including costs and attorney fees, and would be entitled to injunctive relief against any violator or person threatening a violation. Certain specified employers, employees, and agreements are exempt from the provisions of the proposal. The proposal includes a referendum clause and would be submitted to qualified voters in November 2014.

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

Office of the Secretary of State
Office of the Attorney General
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
 Division of Personnel
City of Sullivan
Francis Howell School District



Mickey Wilson, CPA
Director
January 17, 2014

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Assistant Director
January 17, 2014