

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5089-01
Bill No.: HB 1700
Subject: Labor and Management; Employees - Employers; Political Subdivisions
Type: Original
Date: January 17, 2016

Bill Summary: This proposal allows public bodies to opt out of prevailing wage laws for the construction of public works projects that are \$750,000 or less.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Conservation Commission	Unknown to Greater than \$100,000	Unknown to Greater than \$100,000	Unknown to Greater than \$100,000
Colleges and Universities	\$0 to \$1,000,000	\$0 to \$1,000,000	\$0 to \$1,000,000
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown to Greater than \$1,100,000	Unknown to Greater than \$1,100,000	Unknown to Greater than \$1,100,000

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Political Subdivisions	Unknown to Greater than \$500,000	Unknown to Greater than \$500,000	Unknown to Greater than \$500,000
Local Government	Unknown to Greater than \$500,000	Unknown to Greater than \$500,000	Unknown to Greater than \$500,000

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Conservation (MDC)** assume this proposal will have a positive fiscal impact estimated as unknown or greater than \$100,000 to their organization.

Officials at the **Department of Natural Resources (DNR)** assume this proposal will not have a significant fiscal impact on their organization.

DNR requires entities receiving state or federal funds to comply with the state prevailing wage rate for public works projects including water and wastewater infrastructure projects. Opting out of the state prevailing wage rate would remove this requirement; however, entities receiving funding under federal programs may still be required to comply with wage rates under the federal Davis-Bacon Act, as applicable.

Officials at the **City of Boonville** assume this proposal will have a positive fiscal impact estimated as unknown or greater than \$500,000 to their organization.

Officials at the cities of **Kansas City, O'Fallon, and Dardenne Prairie** assume this proposal will have an unknown positive fiscal impact on their respective organizations.

Officials at the **University of Central Missouri** assume this proposal will have a positive impact estimated at \$0 to \$1,000,000 to their organization.

Officials at the **University of Missouri** will have a positive impact estimated at \$0 to less than \$100,00 to their organization.

Officials at the counties of **St. Louis** and **Callaway** each assume this proposal will have an unknown positive fiscal impact on their respective organizations.

Officials at the **Missouri State University** assume this proposal will have an unknown positive fiscal impact on their organization.

Officials at the school districts of **West Plains R-VII, Warren County R-III, Concordia R-II, and New Haven** each assume this proposal will have a positive fiscal impact estimated at \$25,000 to \$225,000 each year to their respective organizations.

ASSUMPTION (continued)

Officials at the school districts of **Malta Bend, Macon County R-IV, Kansas City, King City R-I, Renick R-V, Shell Knob #78, Sarcoxie R-II, St. Charles, St. Elizabeth R-IV, and Wright City R-II** each assume this proposal will have an unknown positive fiscal impact on their respective organizations.

Officials at the **Department of Labor and Industrial Relations, Office of Administration - Budget and Planning, Office of Administration - Facilities Management, Design and Construction, and Department of Transportation** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **State Technical College of Missouri** and **Metropolitan Community College** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **Board of Election Commissions of St. Louis** and **Platte** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the school districts of **East Newton R-VI, Chillicothe R-II, Kearney R-I, and Parkway** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, California, Cape Girardeau, Clayton, Columbia, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

ASSUMPTION (continued)

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Missouri Western 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, and the Truman State University, did not respond to **Oversight's** request for fiscal impact.

Officials at the following school districts: Arcadia Valley R-2, Aurora R-8, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Cassville R-4, Central R-III, Chilhowee R-4, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-III, Fair Grove, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kennett #39, Kingston 42, Kirbyville R-VI, Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Mehville, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Richland R-1, Riverview Gardens, Salisbury R-4, Scotland County R-I, Sedalia, Seymour R-2, Shelby County R-4, Sikeston, Silex, Slater, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, Sullivan, Tipton R-6, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Webster Groves, West Plains R-VII, and Westview C-6 did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
COLLEGES AND UNIVERSITIES			
<u>Savings - Colleges and Universities</u>			
	\$0 to	\$0 to	\$0 to
Change to Prevailing Wage Definition	<u>\$1,000,000</u>	<u>\$1,000,000</u>	<u>\$1,000,000</u>
ESTIMATED NET EFFECT TO STATE GOVERNMENT	<u>\$0 to</u> <u>\$1,000,000</u>	<u>\$0 to</u> <u>\$1,000,000</u>	<u>\$0 to</u> <u>\$1,000,000</u>
CONSERVATION COMMISSION FUND			
<u>Savings - MDC</u>			
	Unknown to Greater than	Unknown to Greater than	Unknown to Greater than
Change to Prevailing Wage Definition	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
ESTIMATED NET EFFECT ON THE CONSERVATION COMMISSION FUND	Unknown to Greater than <u>\$100,000</u>	Unknown to Greater than <u>\$100,000</u>	Unknown to Greater than <u>\$100,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings - Political Subdivisions</u>			
	Unknown to Greater than	Unknown to Greater than	Unknown to Greater than
Change to Prevailing Wage Definition	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Unknown to Greater than <u>\$500,000</u>	Unknown to Greater than <u>\$500,000</u>	Unknown to Greater than <u>\$500,000</u>

FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses could be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill allows any public body to opt out of the provisions regarding prevailing wages for the construction of public works projects for which the contract awarded is \$750,000 or less.

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
Office of Administration - Budget and Planning
Department of Transportation
Department of Conservation
Department of Natural Resources
Office of Administration - Facilities Management, Design and Construction
Boonville
Kansas City
O'Fallon
Dardenne Prairie
University of Missouri
University of Central Missouri
Missouri State
West Plains R-VII
Warren County R-III
Concordia R-II
New Haven
Malta Bend
Macon County R-IV
Kansas City, King City R-I
Renick R-V
Shell Knob #78
Sarcoxie R-II
St. Charles
St. Elizabeth R-IV

SOURCES OF INFORMATION (continued)

Wright City R-II
State Technical College of Missouri
Metropolitan Community College
St. Louis County Board of Elections Commission
Platte County Board of Elections Commission
East Newton R-VI
Chillicothe R-II
Kearney R-I
Parkway



Mickey Wilson, CPA
Director
January 17, 2016

Ross Strobe
Assistant Director
January 17, 2016