

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0522-01  
Bill No.: HB 132  
Subject: Labor and Management; Employees - Employers; Political Subdivisions  
Type: Original  
Date: January 3, 2017

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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**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Chillicothe R-II School District** anticipates this proposal would impact their organization by approximately \$4,000,000 due to the construction of the new Million Elementary School with a cost of \$13,800,000.

Officials at the **Kirksville R-III School District** anticipates this proposal would impact their organization by \$250,000 to \$500,000 a year.

Officials at the **Parkway School District** anticipates this proposal would impact their organization by approximately \$130,000 to \$195,000 annually.

Officials at the **West Plains R-VII School District** anticipates this proposal would impact their organization by approximately \$50,000 to \$150,000 annually.

Officials at the **Kearney R-I School District** anticipates this proposal would impact their organization by approximately \$10,000 to \$75,000 annually.

**Oversight** will not show an impact to school districts because this proposal states “public works projects that are \$750,000 or less”. The construction of a new elementary school in the Chillicothe R-II School District exceeds the \$750,000 limit. Also, the schools districts are reporting reduced costs for construction projects in general and the savings from these projects could be reallocated to other public works projects.

Officials at the **Office of Administration - Facilities Management and Design Construction (OA-FMDC)** assume this proposal may have a positive fiscal impact by reducing the overall cost of certain projects. However, OA-FMDC is unable to determine the amount of such cost savings. OA-FMDC assumes any Facilities Maintenance Reserve Fund (FMRF) savings will be used to decrease other deferred maintenance projects.

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.

**Oversight** will not show a fiscal impact to MDC because Oversight assumes MDC has a budgeted amount for public works projects and any savings on a project would be reallocated to other projects.

Officials at the **Department of Natural Resources (DNR)** do not anticipate this proposal would have a significant impact on their organization.

ASSUMPTION (continued)

DNR does require 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 **Department of Corrections, Department of Health and Senior Services, Department of Mental Health, and Department of Social Services** each defer to Office of Administration - Facilities Management and Design Construction for a fiscal impact.

Officials at the **Office of Administration - Budget and Planning** defer to Office of Administration - Facilities Management and Design Construction and Department of Labor and Industrial Relations for a fiscal impact.

Officials at the **Department of Labor and Industrial Relations** assume this proposal will not have a fiscal impact on their organization.

Officials at the **Office of Administration - Administrative Hearing Commission, Office of Administration - Personnel, Office of Administration - Purchasing, Department of Agriculture, Attorney General's Office, State Auditor's Office, Department of Elementary and Secondary Education, Missouri Ethics Commission, Governor's Office, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Joint Committee on Administrative Rules, Lottery Commission, Lieutenant Governor's Office, Missouri Consolidated Health Care Plan, Office of Prosecution Services, Joint Committee on Public Employee Retirement, State Highway Employees Retirement System, Missouri State Employees' Retirement System, Office of State Courts Administrator, State Public Defender's Office, Department of Revenue, Office of Secretary of State, Missouri Senate, Department of Transportation, State Treasurer's Office, Missouri Tax Commission, Department of Public Safety - Alcohol and Tobacco, Department of Public Safety - Capitol Police, Department of Public Safety - Fire Safety Division, Department of Public Safety - Gaming Commission, Department of Public Safety - Highway Patrol, Department of Public Safety - State Emergency Management Agency, and Department of Public Safety - Missouri Veterans Commission** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **City of Columbia** assume this proposal would have an unknown positive affect on their organization.

Officials at the **Callaway County** assume this proposal would have an unknown positive affect on their organization.

ASSUMPTION (continued)

Officials at the **City of Kansas City** assume this proposal would not have an impact on their organization.

Officials at the **Metropolitan Community College** assume this proposal would result in a reduction in labor costs to their organization.

Officials at the **Missouri Western State University** assume this proposal would have a fiscal impact estimated at \$50,000 in reduced costs.

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

Officials at the **University of Central Missouri** assume this proposal would have a positive impact on their organization estimated at 10 to 15% reduced costs related to construction projects.

**Oversight** will not show a fiscal impact to cities, counties, community colleges, or universities because Oversight assumes these entities have a budgeted amount for public works projects and any savings on a project would be reallocated to other projects.

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

Officials at the school district of **Forsyth R-III** assume this proposal would have an unknown positive impact on their organization.

Officials at the **Kansas City,** and **Wright City R-II** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, 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, O'Fallon, 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.

ASSUMPTION (continued)

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. Louis, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, and 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, East Newton R-6, Eldon R-I, Everton R-III, Fair Grove, Fair Play, Fayette 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, King City R-1, Kingston 42, Kirbyville R-VI, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Macon County R-4, Malta Bend, 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, Renick R-5, Richland R-1, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Seymour R-2, Shelby County R-4, Shell Knob #78, Sikeston, Silex, Slater, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Tipton R-6, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Webster Groves, Westview C-6 and the School District did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that would no longer receive prevailing wage could be impacted.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

Chillicothe R-II School District  
Office of Administration - Facilities Management and Design Construction  
Department of Labor and Industrial Relations  
Department of Conservation  
Office of Administration - Budget and Planning  
Department of Corrections  
Department of Health and Senior Services  
Department of Mental Health  
Department of Social Services  
Office of Administration - Administrative Hearing Commission  
Office of Administration - Personnel  
Office of Administration - Purchasing  
Department of Agriculture  
Attorney General's Office  
State Auditor's Office  
Department of Elementary and Secondary Education  
Missouri Ethics Commission  
Governor's Office

SOURCES OF INFORMATION (continued)

Department of Higher Education  
Department of Insurance, Financial Institutions and Professional Registration  
Joint Committee on Administrative Rules  
Lottery Commission  
Lieutenant Governor's Office  
Missouri Consolidated Health Care Plan  
Office of Prosecution Services  
Joint Committee on Public Employee Retirement  
State Highway Employees Retirement System  
Missouri State Employees' Retirement System  
Office of State Courts Administrator  
State Public Defender's Office  
Department of Revenue  
Office of Secretary of State  
Missouri Senate  
Department of Transportation  
State Treasurer's Office  
Missouri Tax Commission  
Department of Public Safety - Alcohol and Tobacco  
Department of Public Safety - Capitol Police  
Department of Public Safety - Fire Safety Division  
Department of Public Safety - Gaming Commission  
Department of Public Safety - Highway Patrol  
Department of Public Safety - State Emergency Management Agency  
Department of Public Safety - Missouri Veterans Commission  
City of Columbia  
City of Kansas City  
Callaway County  
Metropolitan Community College  
Missouri Western State University  
Missouri State University  
University of Central Missouri  
State Technical College of Missouri  
Northwest Missouri State University  
University of Missouri  
Kirksville R-III School District  
Parkway School District  
West Plains R-VII School District

SOURCES OF INFORMATION (continued)

Kearney R-I School District  
Forsyth R-III  
Kansas City  
Wright City R-II



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January 3, 2017

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