

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4057-01
Bill No.: HB 1270
Subject: Labor and Management; Employees-Employers; Counties; Elections
Type: Original
Date: January 18, 2018

Bill Summary: This proposal allows any county to vote to exempt political subdivisions and public institutions of higher education engaged in the construction of public works wholly within the county from the prevailing wage law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **St. Louis County Government** assume a county-wide election with only the proposed question would cost St. Louis County approximately \$1.5 million.

Officials from the **University of Central Missouri** assume should HB 1270 pass and become law, there would be monetary savings to the university. Based upon just the convenience contracts where University of Central Missouri utilizes contractors to perform work, conservatively, they estimate the savings could easily be \$200,000. This calculation is roughly based upon an average of the convenience contracts where due to the prevailing wage law, the costs are higher than they would be if the prevailing wage law was redacted.

Officials from **Missouri Western State University** assume an impact, depending upon the voters outcome of their county. A yes vote would have a positive fiscal impact to Missouri Western. A no vote would have a negative fiscal impact to Missouri Western State University.

Officials from the **State Technical College of Missouri** assume the proposal could have a positive fiscal impact.

Officials from the **Kirkville R-III School District** assume the proposal should have a positive fiscal impact on school district budgets.

Officials from the **Lathrop Schools** assume the financial savings could be significant, although cannot provide an exact amount because it would depend upon the size and scope of the project.

Officials from **Green Ridge R-8 School District** assume the proposal would have positive fiscal impact on construction projects within the school district.

Officials from **Wellsville-Middletown R-1** assume allowing public entities to be exempt from prevailing wage requirements, especially within rural communities will save a substantial amount of taxpayers' dollars and increase the ability of local vendors to successfully bid on local projects.

Officials from **Summersville R2 School District** assume the proposal would be beneficial when future construction projects proceed. With no information on number and scope of future projects, it is impossible to put a specific number to. They are converting the elementary building to wood heat (Fuels for School Grant), a project that could be \$10,000 - \$100,000 cheaper without prevailing wage requirement.

ASSUMPTION (continued)

Officials from **Macon County R-IV School District** assume there is no way to quantify savings to the district due to the nature of prevailing wage. In previous projects that required prevailing wage, it was estimated that prevailing wage, compared to local non-prevailing wages, increased labor costs from 241% (local hourly of \$12/hr compared to prevailing wage of \$29/hr) to 500% (\$60/hr compared to \$12/hr). Those costs were approximately 50% of total project costs and doubled total costs for the projects.

Officials from **West Plains Schools** assume the proposal would save capital improvement costs at about a rate of 15%. Annual savings estimated at \$100,000 - \$150,000 and up to \$3,000,000 on major projects.

Officials from **Fair Play School District** assume the proposal would make a significant difference in the coming year. The school is going to be asking for a no increase debt service levy to upgrade technology, build 2 classrooms, and re-roof two buildings. The bill would enable them to spend tax payers money more wisely by putting about \$100,000 more in the building and less on wages.

Oversight will assume a potential savings to local political subdivisions (\$0 or unknown). The savings would depend upon the results of the vote, as well as the actions of the local political subdivisions.

Officials from **Office of the Secretary of State, Department of Higher Education, Department of Labor and Industrial Relations, and Joint Committee on Legislative Research-Office of the Revisor** each assume no fiscal impact on their respective organizations.

Officials from **Boone County, Jackson County Board of Election Commissioners, and St. Louis County Board of Election Commissioners** each assume no fiscal impact on their respective organizations.

Officials from **Missouri State University and University of Missouri** assume no fiscal impact on their respective organizations.

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark City, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles City Administrator, St. Louis City

ASSUMPTION (continued)

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

Officials from the following **colleges and universities**: Crowder, East Central, Harris-Stowe, Jefferson College, Kansas City Metropolitan Community College, Lincoln University, Moberly Area Community College, Missouri Southern 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 Truman State University, did not respond to **Oversight's** request for a statement of fiscal impact.

Officials from the following **school districts**: Alton R-IV, Arcadia Valley R-2, Ash Grove R-IV, Ava R-1, Avilla R-13, Bakersfield R-4, Belton School District #124, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Bradleyville R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Couch R-1, Crawford County R-1, Crawford County R-2, Crocker R-II, Delta C-7, East Carter R-2, East Lynne 40, East Newton R-6, Eldon R-I, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Gasconade County R-1, Glenwood R-8, Grain Valley, Green City R-1, Hallsville R-IV, Hancock Place, Hannibal School District #60, Harrisonburg R-8, Harrisonville, Hartville R-11, Hazelwood, Henry County R-1, Hillsboro R-3, Holcomb R-III, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jasper R-5, Jefferson City, Kansas City, Kennett #39, King City R-1, Kirbyville R-VI, Lee Summit, Leeton R-10, Lewis County C-1, Liberty, Lincoln R-2, Lindbergh, Lonedell R-14, Macon County R-1, Madison C-3, Malta Bend, Maplewood Richmond Heights, Marshfield R-1, Maryville R-II, Maysville R-1, Meadville R-IV, Mehville School District R-9, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Miller R-11, Moberly, Montgomery County R-11, Morgan County R-2, Mountain Grove R-III, Mt. Vernon R-V, New Bloomfield R-III, New Haven, Niangua R-5, Nixa, North Harrison R-3, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Northwest R-1, Oak Ridge R-6, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County, Osage R-2, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City R-6, Plato R-5, Polo R-VII, Prairie Home R-5, Princeton R-5, Purdy R-II, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick

ASSUMPTION (continued)

R-5, Republic R-III, Rich Hill R-IV, Richards R-5, Richland R-1, Richmond R-XVI, Riverview Gardens, Rockwood School District, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Scott City R-1, Sedalia, Seymour R-2, Shell Knob #78, Sherwood Cass R-5, Sikeston, Silex, Smithville R-2, South Harrison R-11, Southland C-9, Sparta R-III, Special School District of St. Louis County, Spickard R-II, Spokane R-VII, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Stanberry R-III, Stewartsville C-2, Sullivan, Sweet Springs, Trenton R-1x, Valley Park, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Warsaw R-IX, Waynesville, Webster Groves, Wentzville R-IV, Westran R-1, Westview C-6, Willard R-2 and the Wright City R-2 School District did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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LOCAL POLITICAL SUBDIVISIONS

<u>Savings</u> - allows any county to vote to exempt political subdivisions in construction of public works from prevailing wage law	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal allows the residents of a county to vote to exempt public subdivisions and public institutions of higher education from the prevailing wage law for the construction of public works constructed wholly within the county.

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 the Secretary of State
Department of Higher Education
Joint Committee on Legislative Research-Office of Revisor
St. Louis County Government
University of Central Missouri
Missouri Western State University
State Technical College of Missouri
Kirksville R-III School District
Lathrop Schools
Green Ridge R-8 School District
Wellsville-Middleton R-1
Summersville R2 School District
Macon County R-IV School District
West Plains Schools
Fair Play School District
Boone County
Jackson County Board of Election Commissioners
St. Louis County Board of Election Commissioners
Missouri State University
University of Missouri

Ross Strobe

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A handwritten signature in black ink, appearing to be "C. A. [unclear]".

Acting Director
January 18, 2018

SK:LR:OD