

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0891H.01I  
Bill No.: HB 275  
Subject: Minorities; Civil Rights; Labor and Management; Employees - Employers;  
Housing  
Type: Original  
Date: April 20, 2021

---

Bill Summary: The proposal modifies provisions relating to unlawful discriminatory practices.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
General Revenue	Could exceed (\$76,260)	Could exceed (\$82,317)	Could exceed (\$83,134)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Could exceed (\$76,260)</b>	<b>Could exceed (\$82,317)</b>	<b>Could exceed (\$83,134)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Legal Expense Fund*	\$0	\$0	\$0
Other State Funds**	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

Numbers within parentheses: () indicate costs or losses.

\*Transfers-in and increased Payments net to zero.

\*\*Depending upon future litigation resulting from the proposed changes, Oversight assumes the fiscal impact to the state could possibly exceed the \$250,000 Fiscal Review / Fiscal Oversight Threshold.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Various Federal Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
General Revenue (DOLIR)	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal creates additional causes of action related to discrimination. This legislation also appears to create an additional legal standard for what constitutes discrimination. It is assumed that implementation of the lower burden of proof standard set forth in Section 213.010(6) (acts "based on" rather than "because of" discriminatory intent) would result in more Missouri Human Rights Act claims being made against businesses and state agencies and that such litigation would result in significant costs.

The Missouri Commission on Human Rights (MCHR) contacted several states that already include sexual orientation and gender identity in protected status including Illinois, Iowa, Colorado, and Minnesota; as well as the Federal Equal Employment Opportunity Commission (EEOC) to gather statistics regarding complaints filed on sexual orientation/gender identity. Based on 2017 data, an average of 6.3% of total complaints of discrimination were due to sexual orientation or gender identity.

Using this assumption, the projected number of additional complaints for FY 2021 is estimated at 88.  $(1,391 \text{ [FY 2018 total complaints less housing cases]} \times 6.3\% = 87.633)$ . The minimum number of investigations completed per Human Relations Officer per year is 96. Using this estimate, the MCHR has determined it would require one (1) additional FTE Human Relations Officer I (Range 6, \$47,071) to investigate these cases and provide educational outreach to employers, employees, and the general public. Standard expense and equipment, along with travel costs are included in this estimate.

**Oversight** does not have any information to the contrary in regards to DOLIR assumption; therefore, Oversight will utilize DOLIR=s estimates on the fiscal note.

Officials from the **Office of Administration (OA)** assume this proposed legislation, specifically sections 213.010 to 213.101, would create additional categories of claims that could potentially be asserted against the state or other entities covered by the Legal Expense Fund. If such claims were successfully pursued, they could result in additional costs to the Legal Expense Fund. However, the amount of the potential costs resulting from this proposal cannot be reasonably estimated as this language creates new legal standards, subject to judicial interpretation, and there is no readily available information that could assist in forming a rational basis for estimating costs.

In addition, the number of potential claims, the severity of those claims, and the ultimate costs associated with any settlement or judgment resulting from those claims cannot be forecasted with any degree of assurance to their accuracy.

**Oversight** notes most LEF costs are reimbursed from the General Revenue Fund (GR). GR has paid for the majority of payments from the LEF since payments on LEF cases for agencies with designated reimbursable funds have been relatively small. According to Office of Administration - Risk Management (OARM), broader budget authority to transfer from Federal and Other Funds beginning in FY 18 allowed for an increase of percentage of payments from Federal and Other Funds. Table 1 shows LEF costs broken down for GR versus Federal Funds/Other Funds.

Table 1 below shows LEF costs broken down for GR versus Federal Funds/Other Funds.

	<b>GR</b>	<b>Fed/Other</b>	<b>Total</b>	<b>GR %</b>	<b>Fed/Other %</b>
<b>FY 15</b>	\$9,197,461	\$661,555	\$9,859,016	93%	7%
<b>FY 16</b>	\$11,386,339	\$600,489	\$11,986,828	95%	5%
<b>FY 17</b>	\$19,983,784	\$4,217,582	\$24,201,366	83%	17%
<b>FY 18</b>	\$18,625,000	\$9,649,513	\$28,274,513	66%	34%
<b>Total</b>	\$59,192,584	\$15,129,139	\$74,321,723	80%	20%

Source: Office of Administration

**OARM** provided Oversight with claim payment data from FY 2015 to FY 2018. Based on the data provided, Oversight estimated the number of claims and amount paid by claim type shown in table 2 below. Motor vehicle claims accounted for 69% of the total number of claims but only 11% of the value of claims. Claims related to discrimination accounted for 8% of the total number of claims but 25% of the value of claims paid.

Table 2: Payment data **by type** of claim

Type of Claim	Number of Claims	Cost of Claims
Discrimination	67	\$19.6 million
Wrongful Death	5	\$11.9 million
Motor Vehicle	583	\$8.6 million
Medical Malpractice	10	\$8.3 million
STL & KC Police	5	\$5.4 million
Tort	10	\$4.6 million
Harassment	3	\$4.3 million
Personal Injury	10	\$3.6 million
Class Action Law Suit	1	\$2.6 million
Dangerous Condition of Property	96	\$1.6 million

**\*\*Oversight** notes the cost of any potential liability would be entirely dependent on the number of claims and circumstances of the claims filed; therefore the cost is ultimately unknown.

Officials from the **Attorney General's Office (AGO)** assume this proposal will have \$0 to unknown negative fiscal impact related to a potential increase in litigation against the State of Missouri.

**Oversight** does not have any information to the contrary in regards to above organizations assumption; therefore, Oversight will range the fiscal impact from \$0 (does not increase litigation) to an AUnknown@ cost (increased claims related to practices based on gender) on the fiscal note.

Officials from the **Missouri Department of Transportation** and the **Missouri Department of Conservation** each assume the proposal will not have a direct fiscal impact on their respective organization.

Officials from **University of Central Missouri, Missouri State University, Northwest Missouri State University, University of Central Missouri and State Technical College of Missouri** all assume that there is no fiscal impact on their respective colleges or universities.

Officials from **City of Kansas City** assume that this proposal will have a negative fiscal impact in an indeterminate amount on the City of Kansas City because of possible increases in litigation.

**Oversight** does not have any information to the contrary in regards to Kansas City=s, assumption; therefore, Oversight will range the fiscal impact to local governments from \$0 (does not increase litigation) to an AUnknown@ cost (increased claims related to practices based on

discrimination claims) on the fiscal note.

Officials from the **City of Baldwin, City of Corder, City of O'Fallon, City of Springfield, and City of Saint Louis – Budget division** each assume the proposal will not have a direct fiscal impact on their respective organization.

Officials from the **Office of the Secretary of State** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 their office can sustain within their core budget. Therefore, they reserve 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** notes 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.

HYPERLINK "<https://oa.mo.gov/sites/default/files/AnnualReport2017.pdf>"

<https://oa.mo.gov/sites/default/files/AnnualReport2017.pdf> HYPERLINK

"<https://fred.stlouisfed.org/series/MOLFN>" <https://fred.stlouisfed.org/series/MOLFN>

HYPERLINK "<https://www.transequality.org/sites/default/files/docs/USTS-Full-Report-FINAL.PDF>" <https://www.transequality.org/sites/default/files/docs/USTS-Full-Report-FINAL.PDF>

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts, colleges, cities, and counties were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

L.R. No. 0891H.01I

Bill No. HB 275

Page **7** of **11**

April 20, 2021

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>GENERAL REVENUE</b>			
<u>Cost - Potential increase in payments to Legal Expense Fund for increase in claims p. 4,5</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost – DOLIR p. 3</u>			
Salaries	(\$39,226)	(\$47,542)	(\$48,017)
Fringe Benefits	(\$23,189)	(\$27,985)	(\$28,146)
Expense & Equipment	(\$14,407)	(\$7,466)	(\$7,651)
<u>Total Cost - DOLIR</u>	(\$76,822)	(\$82,993)	(\$83,814)
FTE Change - DOLIR	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND</b>	<b>Could exceed <u>(\$76,260)</u></b>	<b>Could exceed <u>(\$82,317)</u></b>	<b>Could exceed <u>(\$83,134)</u></b>
Estimated Net FTE Change to the General Revenue Fund	1 FTE	1 FTE	1 FTE
<b>FEDERAL FUNDS</b>			
<u>Cost - Potential increase in claims p. 4,5</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT TO FEDERAL FUNDS</b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>



<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>OTHER STATE FUNDS</b>			
<u>Cost</u> - OA Potential increase in payments to Legal Expense Fund for increase in claims p. 4, 5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT TO OTHER STATE FUNDS</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>
<b>LEGAL EXPENSE FUND (0692)</b>			
<u>Transfer In</u> - from GR, Federal, and Other State Funds Potential increase in claims p. 4,5	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Transfer Out</u> - payment of discrimination claims p. 4,5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT TO THE LEGAL EXPENSE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost</u> Potential increase in claims	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL IMPACT – Small Business

Small businesses will be required to comply with revised sections.

FISCAL DESCRIPTION

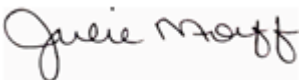
This bill prohibits discrimination based upon a person's sexual orientation or gender identity. Such discrimination includes unlawful housing practices, denial of loans or other financial assistance, denial of membership into an organization relating to the selling or renting of dwellings, unlawful employment practices, and denial of the right to use public accommodations.

The bill changes the laws regarding complaints filed with the Missouri Commission on Human Rights by revising the definition of “discrimination” to include unfair treatment based on sexual orientation or gender identity. It specifies that discrimination includes any unfair treatment based on a person’s presumed or assumed characteristics. The bill defines "gender identity" and "sexual orientation". .


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  
Attorney General's Office  
Office of Administration  
Missouri Department of Transportation  
Missouri Department of Conservation  
Office of the Secretary of State  
University of Central Missouri  
Missouri State University  
Northwest Missouri State University  
University of Central Missouri  
State Technical College of Missouri  
City of Baldwin  
City of Corder  
City of O'Fallon  
City of Springfield  
City of Saint Louis – Budget division



Julie Morff  
Director  
April 20, 2021



Ross Strobe  
Assistant Director  
April 20, 2021