

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3684H.011
 Bill No.: HB 1998
 Subject: Children and Minors; Labor and Management; Employees - Employers; Internet and E-Mail; Guardians
 Type: Original
 Date: April 22, 2024

Bill Summary: This proposal modifies provisions of child labor laws and provides additional employment requirements for children engaged in online content creation or vlogging.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	(Unknown)	(Unknown)	(Unknown)

*Oversight assume the general revenue transferred for the DOLIR FTEs into the Child Labor Enforcement Fund could reach the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Child Labor Enforcement Fund (0826)*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

*Oversight assume the fund will net to zero.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Child Labor Enforcement Fund (0826)*	Unknown	Unknown	Unknown
Total Estimated Net Effect on FTE	Unknown	Unknown	Unknown

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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the Division of Labor Standards is the enforcing authority of Chapter 294. HB 1998 would add provisions which would fall under the purview of the Division, including the making a determination of who is classified as a 'vlogger' in Section 294.011. The added provisions also require extensive review of vlog content to determine whether or not the likeness, name, or photograph of a child is included in thirty percent of a vlogger's content for which they were compensated in a thirty day period, ensuring that content which featured an individual is deleted should they request such upon reaching the age of majority, and ensuring that the appropriate records are maintained by vloggers whose content features a child under sixteen years of age as outlined by Section 294.035. Section 294.036 stipulates that a vlogger must deposit gross earnings into a trust for the benefit of children whose likeness, name, or photograph is included in a video segment.

The enforcement mechanism described in the bill is a private right-of-action the child may bring to the court system. However, as the Director of Labor Standards is the enforcing authority for all provisions found in Chapter 294, per RSMo 294.090, this would require investigation of complaints related to these new provisions. Historically, youth employment under the direct supervision of a parent has been exempt from Chapter 294. This proposal appears to supercede that policy. As it is currently unknown how many children are engaged in the act of vlogging for compensation, or are not vlogging for compensation but are featured in vlogs, there is an unknown, but significant, impact to the Department as a result of the provisions of this bill.

Furthermore, **DOLIR** notes these provisions will likely necessitate a substantial expansion of the wage and hour division or a completely new division related to reviewing vlog content and the issuing of information which complainants can take to the courts like a minimum wage complaint. The census shows 1,521,228 youth aged 0 to 19 in the 2020 census. If an estimated 2% of children only in this state were the subject of a complaint as outlined in this bill, that's still 30,424 complaints, which dwarfs the 1,276 complaints received for minimum wage complaints. This would necessitate an unknown but potentially highly significant cost if they were to be enforcing these provisions.

Oversight notes that Illinois became the first U.S. state to pass a similar / identical law as of August 2023. ([Senate Bill 1782](#)). However, Oversight was not able to obtain fiscal note for the bill, any statistical analysis, or similar data that would show how many such a children "vloggers" are currently participating as vloggers in Missouri.

Oversight provides current Data [Wage and Hour Program](#) that deal with disputes including Minimum wage complaints, Youth employment, and Prevailing Wage in table below:

Numbers are not unduplicated between categories		FY 2021		FY 2022		FY 2023		FY 2024	FY 2025	FY 2026
		Projected	Actual	Projected	Actual ²	Projected	Actual ²	Projected	Projected	Projected
Minimum Wage										
	Businesses and Employees Assisted	23,654	18,487	18,857	19,514	19,423	19,623	20,066	20,668	20,016
	Complaints Received	1,003	868	885	1,215	912	1,276	939	967	1,302
	Complaints Closed	991	903	921	1,201	949	1,211	977	1,006	1,235
Youth Employment										
	Businesses and Employees Assisted	4,409	3,791	3,867	6,261	3,983	3,598	4,102	4,225	3,670
	Complaints Received	16	9	9	67	9	37	9	9	36
	Complaints Closed ¹	54	17	17	67	18	32	19	20	33
	Youth Work Certificates Issued ³	5,033	6,697	6,831	10,152	7,036	10,086	9,985	9,885	9,786
Prevailing Wage										
	Businesses and Employees Assisted	3,577	2,369	2,416	3,372	2,488	2,740	2,563	2,640	2,795
	Complaints Received	13	53	54	32	56	46	58	60	47
	Complaints Closed	13	46	47	34	48	42	49	50	43

Oversight notes that Youth Employment received 3,598 various complaints where DOLIR reviewing youth work certification and entertainment permits to protect rights, safety, and education of working youth in Missouri.

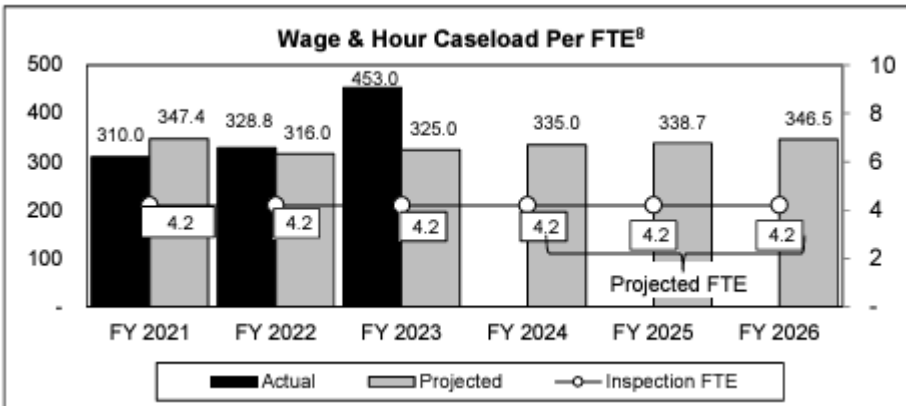
Oversight notes the costs to the Wage and Hour Program provided within the current budget request as follows:

	FY 2021 Actual		FY 2022 Actual		FY 2023 Actual		FY 2024 Planned	
	Funds	FTE	Funds	FTE	Funds	FTE	Funds	FTE
Minimum Wage	\$121,952	2.52	\$123,234	2.77	\$114,191	2.44	\$169,608	2.77
Prevailing Wage	\$48,695	0.85	\$70,711	1.39	\$90,461	1.73	\$109,444	1.39
Wage and Hour	\$36,528	1.15	\$35,394	0.70	\$42,406	0.90	\$42,830	0.70
Youth Employment	\$47,315	0.87	\$79,676	1.66	\$49,521	0.97	\$95,174	1.66
TOTAL	\$254,490	5.39	\$309,015	6.52	\$296,579	6.04	\$417,056	6.52

Page 76 of the [Wage and Hour Program](#) report.

Oversight notes that DOLIR paid \$51,053 (49,521/0.97 and rounded to nearest dollar) from Child Labor Enforcement Fund for each FTE investigating in 2023 as shown in above table.

Oversight notes that each employee was able to investigate 453 such a cases, in FY 2023, as shown in table below:



Page 75 of the [Wage and Hour Program](#) report.

Oversight notes DOLIR assumes this proposal could potentially yield additional complaints, potentially in thousands, causing significant cost for the Department. If only five new FTE needed to be hired to investigate such a complaints the cost would reach the 250,000 (5 x \$51,053) threshold. Therefore, Oversight will show Unknown negative transfer out the GR and corresponding transfer in to the Child Labor Enforcement Fund in the Fiscal note beginning FY 2025.

Officials from the **Department of Natural Resources**, the **Missouri Department of Agriculture**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, **Office of the Secretary of State**, and the **Office of Administration** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for all above departments.

Officials from the **City of Kansas City** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (6 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Transfer Out</u> - Section(s) 294.011, 294.035, and 294.036 Vlogger Enforcement	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (6 Mo.)	FY 2026	FY 2027
CHILD LABOR ENFORCEMENT FUND (0826)			
<u>Transfer In</u> – from GR for Section(s) 294.011, 294.035, and 294.036 Vlogger Enforcement	Unknown	Unknown	Unknown
<u>Costs -</u>			
Personnel Service	(Unknown)	(Unknown)	(Unknown)
Fringe Benefits	(Unknown)	(Unknown)	(Unknown)
Expense & Equipment	(Unknown)	(Unknown)	(Unknown)
<u>Total Costs -</u>	(Unknown)	(Unknown)	(Unknown)
FTE Change	Unknown FTE	Unknown FTE	Unknown FTE
ESTIMATED NET EFFECT ON CHILD LABOR ENFORCEMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (6 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill amends the Child Labor Law. The bill includes definitions for various terms such as "family"; "vlog"; "vlogger"; and "online platform".

As specified in the bill, upon reaching the age of majority, any individual who was a child engaged in the work of vlogging, as described in the bill, may request the permanent deletion of any video segment or content including the likeness, name, or photograph of the individual from any online platform that provided compensation to the individual's parent or parents in exchange for that video content.

A vlogger whose vlog content features a child under 16 years of age engaged in the work of vlogging is required to maintain records as described in the bill and provide the records to the child on an ongoing basis. Failure to maintain the records could result in a civil action brought by the child to enforce the provisions.

The bill specifies that a vlogger who features a minor child in a specified amount of the vlogger's content shared on an online platform must set aside a specified amount of gross earnings on the video content in a trust account to be preserved for the benefit of the minor upon reaching the age of majority.

The bill sets forth the requirements relating to the trust account and authorizes a child to bring a civil action if a vlogger knowingly and recklessly violates the provisions in the bill.

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

Department of Natural Resources

Missouri Department of Agriculture

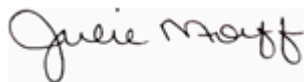
Missouri Department of Conservation

Missouri Department of Transportation

Office of Administration

City of Kansas City

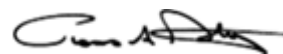
Office of the Secretary of State



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April 22, 2024



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April 22, 2024