

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0785H.011
 Bill No.: HB 758
 Subject: Employees - Employers; Labor and Management; Department of Labor and Industrial Relations; Salaries
 Type: Original
 Date: February 4, 2025

Bill Summary: This proposal modifies provisions relating to employee compensation, repealing the minimum wage cost of living adjustment and modifying paid sick leave provisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue Fund*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*Oversight notes DOLIR assumes the proposal would potentially allow for an increase in minimum wage complaints necessitating additional regulatory auditors; however, DOLIR assumes the costs would be below the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	0 to Unknown	0 to Unknown	0 to Unknown
Total Estimated Net Effect on FTE	0 to Unknown	0 to Unknown	0 to Unknown

*Oversight notes DOLIR assumes the proposal would potentially allow for an increase in minimum wage complaints necessitating additional regulatory auditors.

- 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 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume that public employers are covered by Missouri's minimum wage law. It is unknown how many disputes between public employers and their employees are not currently filed with the Division of Labor Standards. Depending upon the increased volume of complaints which would be investigated, the impact could be significant to the Wage and Hour Division. It is likely that additional regulatory auditors would be required to cover the additional caseload for the addition of Section 290.502.4 but as the additional volume is unknown but could be quite significant.

Upon further inquiry, **DOLIR** notes the proposal increases the class of positions covered by minimum wage law by about 380,300 (according to MERIC's most recent monthly CES statistics on the number of state and local government employees), that will result in a sizeable increase in the number of potential complaints received. However, as the bill increases the annual gross revenue exemption to \$10 million, that's going to also cut down the overall number of eligible employers by a good deal and mitigate that. **DOLIR** is not sure of how much money will be needed to comply with the requirements of the proposal, but **DOLIR** is reasonably confident it will be under \$250,000.

Oversight notes **DOLIR** assumes the proposal would potentially allow for an increase in minimum wage complaints necessitating additional regulatory auditors; however, **DOLIR** assumes the costs would be below \$250,000 threshold.

Oversight notes **DOLIR** assumes it will potentially require more regulatory auditors to handle the incoming volume of complaints related to the minimum wage proposal.

Overnight is not sure how many employees in Missouri would be potentially excluded from the minimum wage law rule, under the proposal. Therefore, **Oversight** will range the unknown costs for **DOLIR**'s FTE from zero (there were not enough complaints to justify the additional FTE for the Wage and Hour Division) to unknown negative cost (there were enough complaints to the Wage and Hour Division to justify the increase in FTE costs).

Officials from the **Office of Administration (OA)** 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 this agency.

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The **AGO** may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Department of Commerce and Insurance (DCI)**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Corrections**, the **Department of Social Services**, the **Office of the Governor**, defer to the OA for the potential fiscal impact of this proposal.

Officials from the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Natural Resources**, the **Department of Revenue**, the **Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, State Emergency Management Agency and Veterans Commission)**, the **Missouri National Guard**, the **Joint Committee on Administrative Rules**, the **Joint Committee on Public Employee Retirement**, the **Missouri Lottery Commission**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation**, the **Missouri Ethics Commission**, the **Missouri House of Representatives**, the **Department of Transportation**, the **Office of Administration - Administrative Hearing Commission**, the **Office of the State Courts Administrator**, the **Office of the State Auditor**, the **Missouri Senate**, the **Office of the Secretary of State**, the **Office of the State Public Defender**, the **Office of the State Treasurer** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

Officials from the **Missouri University System**, the **Northwest Missouri State University**, and the **University of Central Missouri** each 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.

Officials from the **City of Kansas City (CKC)** 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 CKC.

Oversight notes that the above-mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Costs – DOLIR – Additional FTE (Wage and Hour Regulatory Auditor)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
Estimated Net FTE Change on General Revenue	0 to Unknown	0 to Unknown	0 to Unknown

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<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 as some Missouri businesses will have to comply with the proposal.

FISCAL DESCRIPTION

This bill repeals the current language relating to the increase or decrease of the minimum wage based upon the Consumer Price Index for Urban Wage Earners and Clerical Workers.

Under this bill, the minimum wage required by Section 290.502, RSMo, will not apply to any employee who is under 20 years of age. This exemption from the minimum wage requirements applies only to employment compensation paid or accrued on or after the effective date of of this bill and does not apply retroactively.

Employers who employ employees under the age of 20 years are required to comply with other applicable provisions of the Minimum Wage Law, sections 290.500 to 290.530.

Beginning on the effective date of this bill, the minimum wage law will apply to public employers.

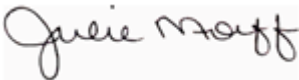
Currently, the definition of "employee" to whom the provisions of the paid sick leave provisions apply, exempts an individual employed by a retail or service business whose annual gross volume sales made are less than \$500,000. This bill excludes retail or service business whose annual gross volume sales in the prior calendar year was less than \$10 million.

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

Attorney General's Office
Department of Commerce and Insurance
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Office of the Director
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 State Emergency Management Agency
 Missouri Veterans Commission
Missouri National Guard
Department of Social Services
Office of the Governor
Joint Committee on Public Employee Retirement
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research
Oversight Division
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Office of the Lieutenant Governor

Missouri Department of Transportation
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Office of Administration
 Administrative Hearing Commission
 Facilities Management, Design and Construction
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
Missouri University System
Northwest Missouri State University
University of Central Missouri
City of Kansas City



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