

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1240H.011
 Bill No.: HB 555
 Subject: Employees - Employers; Labor and Management; Department of Labor and Industrial Relations; Salaries
 Type: Original
 Date: February 18, 2025

Bill Summary: This proposal modifies provisions relating to employee compensation, delaying certain minimum wage increases, modifying paid sick leave hours, and adjusting the project cost amount required for prevailing wage rate compliance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

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
Total Estimated Net Effect on FTE	0	0	0

- 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 **Office of Administration (General Services and Administrative Hearing Commission)**, the **Department of Labor and Industrial Relations**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **University of Missouri System**, and the **City of Kansas City** 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 for all above respective organizations.

Officials from the **Northwest Missouri State University (NMSU)** assume the change to 290.230 should reduce Northwest’s costs. It would be very difficult to try and calculate an anticipated amount. It would not be substantial savings.

Oversight notes the NMSU assume the change within the proposal could potentially reduce some costs for the University, but the savings will not be substantial. Therefore, Oversight will reflect zero impact for the University in the fiscal note.

Officials from the **University of Central Missouri (UCM)** assume the proposal would have an indeterminate fiscal impact at UCM.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<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 of this proposal that increases the public works project cost for prevailing wage rate compliance, from the current amount of \$75,000 to \$150,000, effective January 1, 2026.

FISCAL DESCRIPTION

This bill increases the public works project cost for prevailing wage rate compliance, from the current amount of \$75,000 to \$150,000, effective January 1, 2026.

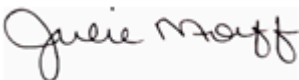
This bill delays the effective date of the minimum wage rate increase that goes into effect on January 1, 2026 to January 1, 2028. Thereafter, the minimum wage rate increases will not occur on January 1, 2027 as currently stated, but will be delayed until January 1, 2030, and thereafter on January 1st for successive years.

This bill also specifies that for an employee to accrue one hour of earned paid sick leave for every 32 hours worked instead of 30 hours under current law. Further, an employer is required to give written notice about the earned paid sick leave time stating that beginning May 1, 2025, employees accrue paid sick leave at the rate of one hour of earned paid sick time for every 32 hours of work, instead of 30 hours of work under current law.

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

Office of Administration - Administrative Hearing Commission
Office of Administration
Department of Labor and Industrial Relations
Missouri Department of Conservation
Missouri Department of Transportation
City of Kansas City
Northwest Missouri State University
University of Central Missouri



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February 18, 2025



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