

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1326H.011
 Bill No.: HB 546
 Subject: Employees - Employers; Labor and Management; Department of Labor and Industrial Relations; Salaries
 Type: Original
 Date: January 27, 2025

Bill Summary: This proposal establishes the "Entrepreneur Rights Act", exempting certain businesses from minimum wage increases and paid sick leave provisions.

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 **Department of Labor and Industrial Relations (DOLIR)** 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.

DOLIR provided additional information and noted some employers would be able to save on not paying out sick leave, but also by not having to raise the wages of any minimum wage employee they may have. In this proposal it exempts the qualifying “seasonal business” and “small business” from the minimum wage increases that were set in Prop-A.

Officials from the **Department of Economic Development**, the **Missouri Department of Transportation**, the **Office of Administration**, and the **Department of Revenue** 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 received additional information from the CKC when clarifying the fiscal impact of the proposal on small business.

Oversight notes that CKC indicates that small businesses would be able to experience an unknown amount of savings, due to the exclusion of some employers under the proposal, that would not be now liable for additional pay out of paid leave, or an increase of minimum wage in future years.

Oversight notes that in November 2024, the initiative (Prop A) increased the minimum wage to \$13.75 per hour in 2025 and to \$15 per hour in 2026. Additionally, the initiative required businesses with 15 or fewer employees to provide at least five paid sick days per year, while those with more than 15 employees had to offer at least seven paid sick days annually.

Oversight notes that earned sick time began to accrue at the commencement of employment or on May 1, 2024, whichever was later.

Officials from the **Northwest Missouri State University** and the **University of Central Missouri** both 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 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 as some would be excluded from liability to pay additional paid leave or minimum wage increases to certain employees.

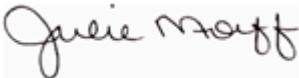
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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 Administration
Department of Economic Development
Missouri Department of Transportation
Department of Revenue
City of Kansas City
Northwest Missouri University
University of Central Missouri



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January 27, 2025



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January 27, 2025