

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1616H.05T  
Bill No.: Truly Agreed To and Finally Passed HCS No. 2 for HB Nos. 567, 546, 758 & 958  
Subject: Employees - Employers; Labor and Management; Department of Labor and Industrial Relations; Salaries  
Type: Original  
Date: June 23, 2025

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Bill Summary: This proposal modifies provisions relating to employee compensation.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	Up to (\$132,733)	Up to (\$161,834)	Up to (\$164,439)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Up to (\$132,733)</b>	<b>Up to (\$161,834)</b>	<b>Up to (\$164,439)</b>

\*Oversight reflects DOLIR's FTE needed to comply with the proposal.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Colleges & Universities	Could exceed (\$4,166,667)	Could exceed (\$5,000,000)	Could exceed (\$5,000,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Could exceed (\$4,166,667)</b>	<b>Could exceed (\$5,000,000)</b>	<b>Could exceed (\$5,000,000)</b>

\*Costs to increase minimum wage for public employers. The University of Missouri System assumes the costs could reach \$5 million per year.

Numbers within parentheses: () indicate costs or losses.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume Section 290.502.4 of this bill would remove the exemption of public employers from the state minimum wage law. MERIC's most recent monthly report on the number of state and local employees indicates an additional 380,300 public employees would be able to file minimum wage complaints which would now be investigated by the Wage and Hour Section of the Division of Labor Standards. Out of a total employee population of 2,557,200 in the private sector, DLS intakes approximately 11,000 contacts regarding minimum wage per year. This does not account for employers who are not covered by the minimum wage law due to grossing less than \$500,000 in gross revenues. If the public sector made contact with DLS at the same rate as the private sector, this would result in an additional 1,521 contacts with DLS, which would require at least 1, but likely 2 regulatory auditors given that all the public employers will be eligible.

**Oversight** notes that DOLIR assumes the proposal will have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a DOLIR estimated impact up to (2) FTE in the fiscal note.

Officials from the **Office of Attorney General (AGO)** assumed 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** assumes AGO is provided with core funding to handle a certain amount of activity each year. Oversight assumes AGO could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, AGO could request funding through the appropriation process.

Officials from the **Office of Administration – (Administrative Hearing Commission, and the Budget & Planning)**, the **Department of Economic Development**, the **Department of Higher Education and Workforce Development**, the **Department of Natural Resources**, the **Missouri Department of Conservation**, the **Department of Elementary and Secondary Education**, the **Department of Revenue**, the **Department of Revenue**, the **Department of Public Safety – (Office of the Director, Fire Safety, Capital Police, Gaming Commission, Highway Patrol, Alcohol & Tobacco Control, Veterans Commission, State Emergency Management Agency)**, the **House of Representatives**, the **Legislative Research**, the **Missouri Consolidated Health Care Plan**, the **Lottery**, the **Joint Committee on Education**, the **Oversight Division**, the **Missouri Senate**, the **Missouri Department of Agriculture**, the **Department of Natural Resources**, the **Joint Committee on Public Employee Retirement**, the **Missouri Ethics Commission**, the **Missouri National Guard**, the **State Tax Commission**, the **Office of the State Auditor**, the **Missouri State Employee's Retirement System**, the

**Lieutenant Governor Office, the Office of the State Public Defender, the Oversight Division, the Office of the State Treasurer, the Office of the State Courts Administrator, the Office of the State Auditor, and the Missouri Department of Transportation** 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 **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.

Officials from the **Department of Corrections, the Department of Commerce and Insurance, the Department of Mental Health, the Department of Health and Senior Services, and the Department of Social Services** each deferred to the OA for the potential fiscal impact of this proposal.

Officials from the **University of Missouri System** note that the University of Missouri has reviewed this proposed legislation and determined this to have an estimated fiscal impact \$5 million dollars per year based on today's employee data.

Upon further inquiry, the **University of Missouri System** stated this would be an increased cost to the University. The increased cost would occur because under current law, the University and other public employers are exempt from the minimum wage escalation features in the statute. This bill would remove that exemption and make the University and other public employers subject to the new minimum wage increases that would be established by the bill. The calculation of cost to the University is based on these features of the bill amending Section 290.502, RSMo, not on the provisions of the bill rescinding Sections 290.600, et seq, related to leave, for which they do not anticipate a fiscal cost.

Officials from the **University of Central Missouri** assume the proposal will have a indeterminate fiscal impact on their organization.

Officials from the **Northwest Missouri State University** 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 these agencies.

**Oversight** notes that not all colleges and universities provided a response. However, Oversight is unsure if any other colleges and universities may incur additional costs due to the proposal. Therefore, Oversight will reflect a cost to colleges and universities that could exceed the \$5 million estimate provided by the University of Missouri System beginning in FY 2026.

**Oversight**, for informational purposes, provides some statistics on Business by Size in Missouri, based on calendar year 2022:

Employee(s)	Number of Businesses
1 to 4	145,490
5 to 9	28,362
10 to 19	21,336
20 to 49	14,699
50 to 99	4,642
100 to 249	2,319
250 to 499	662
500 to 999	202
1000 and more	106
<b>Total w/ more than 10</b>	<b>43,966</b>

<https://meric.mo.gov/media/pdf/mo-businesses-size>

Officials from the **City of Kansas City** assume the proposal will have no fiscal impact on their organization.

In response to the previous version of the bill, officials from the **City of O’Fallon** and the **City of Osceola** both assumed the proposal would have no fiscal impact on their organizations.

**Oversight** notes DOLIR indicate there could be an additional 380,300 public employees who would be able to file minimum wage complaints.

**Oversight** is unsure how many of the public employees from local political subdivisions are receiving minimum wage currently; therefore, Oversight will reflect an unknown cost to the local political subdivisions in the fiscal note.

**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, 2025, whichever was later.

**Oversight** notes this proposal repeals the provisions relating to paid sick leave requirements.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

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

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			
<u>Costs – §290.502.4 – Wage &amp; Hour Compliance with Minimum Wage Law</u>	Up to...	Up to...	Up to...
Personnel Service	(\$75,966)	(\$92,982)	(\$94,842)
Fringe Benefits	(\$56,767)	(\$68,851)	(\$69,597)
Expense & Equipment	(\$0)	(\$0)	(\$0)
<u>Total Costs – DOLIR p.4</u>	(\$132,733)	(\$161,834)	(\$164,439)
FTE Change	2 FTE	2 FTE	2 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<u>Up to (\$132,733)</u>	<u>Up to (\$161,834)</u>	<u>Up to (\$164,439)</u>
<b>COLLEGE AND UNIVERSITIES</b>			
<u>Cost - §290.502.4 – Compliance with Minimum Wage Law p.5</u>	Could exceed (\$4,166,667)	Could exceed (\$5,000,000)	Could exceed (\$5,000,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>Could exceed (\$4,166,667)</b>	<b>Could exceed (\$5,000,000)</b>	<b>Could exceed (\$5,000,000)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISION</b>			
<u>Cost</u> – 290.502 4. Compliance with Minimum Wage Law	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>NET ESTIMATED EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill modifies the schedule of minimum wage increases or decreases by terminating such schedule as of December 31, 2024. Currently, the minimum wage is set to be increased or decreased on January 1, 2027, and on January 1 of successive years, based on increases or decreases of the Consumer Price Index for Urban Wage Earners and Clerical Workers. This bill repeals that scheduled adjustment.

Currently, these provisions do not apply to public employers, as that term is defined in the bill. This bill applies the minimum wage law to public employers beginning on the effective date of this bill.

The bill repeals provisions relating to paid sick leave requirements, including, but not limited to, under what conditions paid sick leave must be provided by employers, prohibited actions for employers and violations thereof, recordkeeping requirements, complaint and investigative procedures, a right to a cause of action for retaliation, and confidentiality of information.

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 Education  
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  
Missouri Office of Prosecution Services  
Office of Administration  
    Administrative Hearing Commission  
    Budget and Planning  
    Facilities Management, Design and Construction  
Office of the State Courts Administrator  
Office of the State Auditor  
Missouri Senate  
Missouri House of Representatives



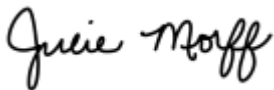
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Office of the Secretary of State  
Office of the State Public Defender  
Office of the State Treasurer  
Oversight Division  
State Tax Commission  
City of Kansas City  
City of O'Fallon  
City of Osceola



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June 23, 2025



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June 23, 2025