

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1702H.02I  
Bill No.: HB 958  
Subject: Employees - Employers; Department of Labor and Industrial Relations; Labor and Management; Salaries  
Type: Original  
Date: February 4, 2025

---

Bill Summary: This proposal authorizes exemptions from minimum wage and overtime compensation requirements for certain employees.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                 | <b>FY 2026</b> | <b>FY 2027</b> | <b>FY 2028</b> |
|  |                |                |                |
|  |                |                |                |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON OTHER STATE 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>Other</u> State Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

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>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services, the Department of Mental Health, the Department of Health and Senior Services** defer to the **Office of Administration – General Services** for the potential fiscal impact of this proposal.

Officials from the **Office of Administration – General Services** did not respond to **Oversight’s** request for fiscal impact for this proposal.

**Oversight** was unable to receive some of the agency responses in a timely manner. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Officials from the **Attorney General’s Office, the Department of Commerce and Insurance, the Department of Economic Development, the Department of Elementary and Secondary Education, the Department of Higher Education and Workforce Development, the Department of Health and Senior Services, the Department of Mental Health, the Department of Natural Resources, the Department of Corrections, the Department of Labor and Industrial Relations, the Department of Revenue, the Department of Public Safety (Office of the Director, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, State Emergency Management Agency and Veterans Commission), the Department of Social Services, the Office of the Governor, the Joint Committee on Administrative Rules, the Joint Committee on Public Employee Retirement, the Joint Committee on Education, the Missouri Lottery Commission, the Missouri Consolidated Health Care Plan, the Department of Agriculture, the Missouri Department of Conservation, the Missouri Ethics Commission, the Legislative Oversight, the Oversight Division, the Missouri House of Representatives, the Department of Transportation, the Office of Administration - Administrative Hearing Commission, the Office of the State Auditor, the Missouri Senate, the Office of the Secretary of State, the Office of the State Public Defender, and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

**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 for these agencies.

Officials from the **Office of Administration - Budget and Planning** state Section 290.509 would create provisions that would exempt certain employers under certain circumstances and conditions from provisions of the minimum wage law. The exemption would apply to circumstances such as anyone under 21 years of age, businesses with 49 or fewer employees, and

employees who violate company policies. It also places responsibility on the Department of Labor and Industrial Relations to implement and enforce provisions in this section.

**Oversight**, for informational purposes, notes that exemption(s), from the increase in minimum wage, could potentially affect:

- (1) Any employee who is under twenty-one years of age at the start of a pay period;
- (2) Any employee of a business that employs forty-nine or fewer full- or part-time FLSA nonexempt employees;
- (3) Any employee who voluntarily terminates employment without providing and completing a two-week notice period; or
- (4) Any employee who was put on notice of a company policy through an employee handbook or company standard policy and is in violation of the signed policy

**Oversight** notes that the proposal allows the employer to exempt certain employees from the increase in minimum wage.

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

Officials from the **University of Central Missouri (UCM)** assume the proposal would have a determinant fiscal impact on the University.

**Oversight** assumes the proposal gives a choice to UCM to increase or not increase the minimum wage for all of its respective employees without impacting their core functions. Therefore, for purpose of this fiscal note, Oversight will note zero fiscal impact for the University.

#### 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<br>(10 Mo.) | FY 2027    | FY 2028    |
|---|---------------------|------------|------------|
|   |                     |            |            |
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |
|   |                     |            |            |

| <u>FISCAL IMPACT – Local Government</u> | FY 2026<br>(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 some employees who would be exempted from increasing wages, under the proposal.

FISCAL DESCRIPTION

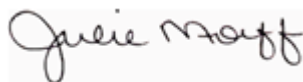
The proposed legislation appears to have no direct fiscal impact.

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

- 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
  - Fire Safety

Missouri Gaming Commission  
Missouri Highway Patrol  
State Emergency Management Agency  
Missouri Veterans Commission  
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 Auditor  
Missouri Senate  
Office of the Secretary of State  
Office of the State Public Defender  
State Tax Commission  
Missouri Central University  
City of Kansas City



Julie Morff  
Director  
February 4, 2025



Jessica Harris  
Assistant Director  
February 4, 2025