

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2448H.01I
Bill No.: HB 1145
Subject: Civil Rights; Civil Penalties; Labor and Management; Employees - Employers;
Housing; Attorney General; State Employees; State Departments
Type: Original
Date: March 5, 2025

Bill Summary: This proposal modifies provisions relating to unlawful discriminatory employment practices, limiting certain civil remedies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	Could exceed \$4,377,725	Could exceed \$4,522,968	Could exceed \$4,536,827
Total Estimated Net Effect on General Revenue	Could exceed \$4,377,725	Could exceed \$4,522,968	Could exceed \$4,536,827

*Cost avoidance from no longer paying attorney fees and potential reduction of FTE for the AGO.

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

Numbers within parentheses: () indicate costs or losses.

*Transfers and savings net to zero.

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	Up to (7) FTE	Up to (7) FTE	Up to (7) FTE
Total Estimated Net Effect on FTE	Up to (7) FTE	Up to (7) FTE	Up to (7) FTE

- ☐ 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 **Attorney General's Office (AGO)** estimate that this proposal will have a positive fiscal impact to the Office of Missouri Attorney General and the State of Missouri. They expect savings for the Legal Expense Fund (LEF) and opportunities for reallocation of 5-7 FTE. Major savings likely to exceed 8+ million yearly (maybe even 10-15 mil). In FY24 and YTD in FY25, MHRA related attorney fee expenditures are approximately 30% of the overall LEF expenditures.

Based on information provided by the AGO, **Oversight** notes the following:

	FY 2022	FY 2023	FY 2024	FY 2025
Legal Expense Fund Expenditures for Attorney Fees on MHRA cases	\$727,447	\$2,073,115	\$8,752,700	\$3,324,531
Average Expenditure for Attorney Fees				\$3,719,448

Officials from the **Office of Administration (OA)** assume §213.111.2 has the potential to decrease costs to the state Legal Expense Fund (LEF) as it excludes public employers from awarded reasonable attorney fees and awarded court costs. Potential cost avoidance to the state is unknown. The amount of cost avoidance, if any, cannot be estimated as it would depend on the facts and circumstances of each case and judicial interpretation of the changes.

Oversight notes that the state self-assumes its own liability under the LEF, Section 105.711 RSMo. It is a self-funding mechanism whereby funds are made available for the payment of any claim or judgment rendered against the state in regard to the waivers of sovereign immunity or against employees and specified individuals. Investigation, defense, negotiation or settlement of such claims is provided by the Office of the Attorney General. Payment is made by the Commissioner of Administration with the approval of the Attorney General. Oversight notes the LEF is funded by General Revenue, Various Other State Funds and Federal Funds.

Oversight will show a cost avoidance to the LEF and, for simplicity, will reflect the cost avoidance transfer to General Revenue.

Officials from the **Office of Administration – Budget & Planning (B&P)** assumes §213.010 and 213.111 are modified adding public employer to the list of those who can be held accountable for discriminatory actions. These proposals do not have a direct impact on TSR.

Officials from the **Missouri Department of Transportation (MODOT)** assume this bill would have an unknown positive impact on the Missouri Highways and Transportation Commission and MoDOT if not be liable to pay attorney fees in lawsuits under the Missouri Human Rights Act.

Officials from 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, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, State Emergency Management Agency and Veterans Commission), the Missouri National Guard, the Department of Social Services, the Office of the Governor, the Joint Committee on Administrative Rules, the Joint Committee on Public Employee Retirement, the Missouri Lottery Commission, the Missouri Consolidated Health Care Plan, the Department of Agriculture, the Missouri Department of Conservation, the Missouri Ethics Commission, the Missouri House of Representatives, the Oversight Division, 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.

Oversight notes that the above-mentioned respective 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.

Officials from the **University of Central Missouri** assume the proposal would have a indeterminate fiscal impact.

Officials from the **University of Missouri System and Northwest Missouri State University** 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 for both above respective universities.

Officials from the **City of O'Fallon** assume this bill could potentially save the City of O'Fallon under \$100,000.

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.

Oversight only reflects the responses received from state agencies and political subdivisions; other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Cost Avoidance – AGO</u>	Up to	Up to	Up to
Personal Service	\$404,167	\$494,700	\$504,594
Fringe Benefits	\$254,110	\$308,820	\$312,785
Expense & Equipment	\$0	\$0	\$0
<u>Total Cost Avoidance - AGO</u>	\$658,277	\$803,520	\$817,379
FTE Change - AGO	Up to (7) FTE	Up to (7) FTE	Up to (7) FTE
<u>Cost Avoidance – Attorney and Court Fees no longer paid by LEF</u>	Could exceed \$3,719,448	Could exceed \$3,719,448	Could exceed \$3,719,448
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	Could exceed \$4,377,725	Could exceed \$4,522,968	Could exceed \$4,536,827
Estimated Net FTE Change on General Revenue	Up to (7) FTE	Up to (7) FTE	Up to (7) FTE
LEGAL EXPENSE FUND (0692)			
<u>Transfer Reduction – from General Revenue</u>	More or less than (\$3,719,448)	More or less than (\$3,719,448)	More or less than (\$3,719,448)
<u>Cost Avoidance – Attorney and Court Fees not paid by LEF</u>	More or less than \$3,719,448	More or less than \$3,719,448	More or less than \$3,719,448
ESTIMATED NET EFFECT ON THE LEGAL EXPENSE FUND	\$0	\$0	\$0

<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

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill limits the awarding of court costs and reasonable attorneys' fees to the prevailing party in human rights cases to cases not involving a public employer. The bill defines "public employer" as an entity covered under the State Legal Expense Fund.

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

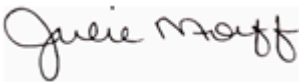
Missouri Veterans Commission

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
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
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
University of Central Missouri
University of Missouri System
Northwest Missouri State University
City of Kansas City
City of O'Fallon



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