

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3899H.011  
 Bill No.: HB 1745  
 Subject: Employees - Employers; Department of Labor and Industrial Relations; Labor and Management; Salaries  
 Type: Original  
 Date: February 24, 2026

Bill Summary: This proposal modifies the minimum wage and overtime administrative complaint process, establishing additional requirements for employees filing certain employment complaints.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	Could exceed (\$94,134)	Could exceed (\$85,310)	Could exceed (\$86,720)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Could exceed (\$94,134)</b>	<b>Could exceed (\$85,310)</b>	<b>Could exceed (\$86,720)</b>

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<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.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Could exceed 1 FTE</b>	<b>Could exceed 1 FTE</b>	<b>Could exceed 1 FTE</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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §290.527 – Requirements for Employees Filing Employees Employment Complaints

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume §290.527.2 states that all minimum wage complaints must be filed with the Wage and Hour Section before they take it anywhere else. The amount of minimum wage and overtime complaints which are not filed with the Division and taken directly to court is unknown. An unknown increase in those complaints being filed with the Division is anticipated.

§290.527.3-7 states that the Division will issue right to sue letters in the event that it cannot resolve the dispute. The agency will also administer the mediation process between the employer and aggrieved employee. An unknown, but possibly significant increase in time per case is anticipated as a result of the additional case processing requirements set forth in this section.

Upon further inquiry, **DOLIR** stated an exact number of additional regulatory auditors would be needed to provide an upper limit that could be reflected on the fiscal note. DLS cannot provide an exact number of auditors needed because the additional case processing time per case is not ascertainable through inference. DLS is also not privy to the number of additional cases it would be required to field as a result of requiring all wage complaints to be processed by the division before they can legally be taken to court. Existing caseloads of the current process for wage complaints keep all four regulatory auditors busy throughout the year. This bill complicates the procedure to process a wage complaint by adding requirements for the division to administer a settlement process whereby a complainant waves their right to sue an employer should a settlement be reached. This will undoubtedly extend the normal case processing time for minimum wage complaints where the parties utilize the settlement process. How much additional time is necessary is not currently known. At minimum, an additional regulatory auditor will be necessary to keep processing times consistent with current metrics. It may require more, but the division cannot say how many more until the effects of the bill are seen.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the DOLIR ITSD cost as well as a cost that could exceed the minimum FTE required by DOLIR for a regulatory auditor (\$44,065).

For information purposes, Oversight shows minimum and prevailing wage complaints filed with the Department of Labor Standards, the Wage and Hour Division, and corresponding back wages paid in the last three years, in table below:

Complaints Type & Back Wage Paid	2025	2024	2023
Minimum Wage	1,400	1,500	1,276
Prevailing Wage	34	28	46
Minimum Wage Workers affected (#)	31	60	109
Minimum Wage/ Back wages paid	\$13,000	\$32,000	\$41,993
Prevailing Wage / Back wages paid	\$162,000	\$90,000	\$50,076
Prevailing Wage Workers affected (#)	86	18	82

Source: [Department of Labor Annual Report](#)

Oversight notes the averages from the table above as shown below:

Complaints Type & Back Wage Paid	2025, 2024, 2023 Averages
Minimum Wage	1,392
Prevailing Wage	36
Total Workers affected (#)	64
Minimum Wage/ Back wages paid	\$28,998
Prevailing Wage / Back wages paid	\$100,692

**Oversight** requested information from Office of the State Courts Administrator (OSCA) regarding the cases currently being handled by Missouri courts regarding the minimum wage disputes. However, OSCA indicates that Wage and Hour disputes do not hold a specific case identifier preventing a way to obtain solid statistical data.

Oversight has no way to estimate how many additional cases would have to be resolved by the Wage and Hour Division.

Lastly, Oversight notes according to the [Department of Labor and Industrial Relation budget request information, p. 114](#), each employee handled on average 78 up to 108 cases annually as show in table below.

Year	Wage and Hour Case Load	FTE(s)	Average workload per FTE
2021	310	4.2	74
2022	329	4.2	78
2023	453	4.2	108
2024	335	4.2	80
2025	339	4.2	80

Oversight notes that the average Wage and Hour workload, from 2021-2025, was 353 cases annually.

Oversight notes that if only 10% more cases were transferred from the courts to the Wage and Hour Division, the Division would be required to handle approximately 35 additional cases per year ( $353 \times 10\%$ ). Therefore, Oversight will reflect either a \$0 fiscal impact (assuming no cases are transferred to the Wage and Hour Division) or an unknown cost related to potential additional FTE needed to manage the increased workload.

Oversight notes that the **Office of Administration** and **Office of Administration - Administrative Hearing Commission** 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 these agencies.

Officials from the **Concordia R-II School District** assume the complaint processes and paying back wages would be detrimental to a public school. For Concordia R-2, the complaint process as written would cost between \$1,000-10,000 per complaint depending upon how long the process lasted.

Officials from the **Twin Rivers R-X School District** assume the proposal will a fiscal impact on the organization; however, upon request for additional details the organization did not provide any additional information.

Officials from the **University of Central Missouri (UCM)** assume the proposal will have an indeterminate impact on their organization; however, when requested with specific information as to the impact the UCM did not provide any additional information.

Officials from the **University Missouri System** does not anticipate a significant financial impact.

**Oversight** assumes school districts, colleges, and universities will be able to absorb any potential costs stemming from the proposal.

Officials from the **Sullivan School District, City of Kansas City, City of O'Fallon,** and **Northwest Missouri State University** 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 these organizations.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, school districts, colleges, and universities were requested to respond to this proposed legislation but did not. Upon the receipt of additional 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. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Cost – DOLIR/ITSD (§290.527) p.3</u>	(\$29,030)	(\$5,951)	(\$6,100)
<u>Cost – DOLIR (§290.527.2) p.3-4</u>	Could exceed	Could exceed	Could exceed
Personnel Service	(\$36,721)	(\$44,946)	(\$45,845)
Fringe Benefits	(\$28,383)	(\$34,413)	(\$34,775)
Expense & Equipment	(\$0)	(\$0)	(\$0)
<u>Total Costs – DOR</u>	<u>(\$65,104)</u>	<u>(\$79,359)</u>	<u>(\$80,620)</u>
FTE Change – DOR	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>Could exceed (\$94,134)</b>	<b>Could exceed (\$85,310)</b>	<b>Could exceed (\$86,720)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

On or after January 1, 2027, an employee must file a complaint concerning minimum wage or overtime law violations, with the Department of Labor and Industrial Relations, on a form and in the manner provided by the Department, within the time period specified in the bill, before filing a civil action. The employee must include all the pay periods relating to the alleged violations in the complaint, along with the supporting evidence or documentation that forms the basis of the complaint.

All pay periods ending before the date the complaint is filed, that are not included as part of the complaint, are considered to be in compliance with the law and the employee waives any rights to file a future complaint relating to the omitted pay periods arising from the same violation, to the extent allowed by the Fair Labor Standards Act, Title VII of the Civil Rights Act, or other Federal or State law or regulation.

Upon receiving the complaint, the Department must investigate the allegations in the complaint and issue an investigative report including its findings of underpayment and liquidated damages. The Department must complete its investigation within 90 days after receiving the complaint.

If the Department is unable to resolve the allegations in the complaint, or the employee is dissatisfied with the Department's findings, or the employee rejects the employer's settlement offer within the time frames indicated in the bill, the Department must issue a "right to sue" notice to the employee. The employee has 30 days from the date of receiving the notice to file a lawsuit in the circuit court.

The bill includes time frames for the employer and employee to consider the offer of settlement and make a counteroffer after the Department issues its investigative report or before the "right to sue" notice is issued to the employee. If a valid settlement is reached between the employer and the employee, the Department must issue a notice of dismissal with prejudice, and the employee waives all rights to file a suit relating to the allegations in the complaint.

An employer who is in violation of this bill is subject to penalties under the law, including fines, restitution, and other remedies approved by the court. An employee who files a lawsuit without first filing a complaint with the Department as indicated in the bill, will have the lawsuit dismissed without prejudice and will have to compensate the employer for all legal fees and costs as the court determines.

If the employee files a lawsuit and receives a "right to sue" notice and the court finds that the damages awarded are equal to or less than the greater of the Department's finding or the employer's settlement offer, the employee will be responsible for paying the costs incurred by both the employee and the employer related to the suit.

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  
Department of Labor and Industrial Relations  
Office of Administration  
University of Central Missouri  
Northwest Missouri State University

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Twin Rivers R-X School District  
Concordia R-II School District  
Missouri University System



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Jessica Harris  
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