

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4349H.011
 Bill No.: HB 2495
 Subject: Employees - Employers; Civil Rights; Labor and Management; Salaries;
 Department of Labor and Industrial Relations
 Type: Original
 Date: January 28, 2026

Bill Summary: This proposal prohibits employers from engaging in certain forms of discrimination based on gender.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Could Exceed (\$222,027)	Could Exceed (\$230,181)	Could Exceed (\$234,131)
Total Estimated Net Effect on General Revenue	Could Exceed (\$222,027)	Could Exceed (\$230,181)	Could Exceed (\$234,131)

*Oversight assumes the total state fiscal impact could exceed \$250,000 due to the potential litigation for violations of §290.400-460 in addition to the 2 FTE required by DOLIR.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Legal Expense Fund (1692)**	\$0	\$0	\$0
Other State Funds*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Colleges and Universities*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on Other State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

**Distributions and transfers net to zero. Numbers within parentheses: () indicate costs or losses.

*Oversight assumes the fiscal impact could exceed \$250,000 due to the potential litigation for violations of §290.400-460.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Federal Funds*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight assumes the loss of federal funds could reach the \$250,000 threshold.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 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 2027	FY 2028	FY 2029
Local Government*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Potential litigation for violations of §290.400-460.

FISCAL ANALYSIS

ASSUMPTION

§§290.400, 290.410, 290.420, 290.430, 290.440, 290.450, & 290.460 – Employment Practices Relating to Gender

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the existing statute, Section 290.400, defines employee as “every woman or man in receipt of or entitled to compensation for labor performed for any employer” and permits complaints only from any affected female employees. The proposed legislation, in all sections, expands coverage to permit complaints from any affected employee and broadens the definition of wage rates and wages to include all compensation in any form.

According to the US Bureau of Labor Statistics, in September 2025 Missouri had 3,045,000 employed individuals. Assuming the proposed legislation results in complaints from 0.03% of those 3,045,000 employed individuals (3 in every 10,000), the Labor and Industrial Relations Commission (LIRC) would be required to process, schedule, and mediate approximately 910 complaints per year. Based on an assumed caseload of up to 910 complaints per year, two additional LIRC FTEs (1 clerical and 1 attorney) would be required to process complaints, schedule mediations, and assist the Commission in mediating disputes concerning the payment of any sums alleged to be due and unpaid to the employees who file a complaint. A larger caseload of complaints would require additional FTEs and result in additional costs.

Additional ITSD costs include \$29,030 for FY 2027, \$5,951 for FY28, and \$6,100 for FY29.

Oversight notes that DOLIR assumes the proposal will have a direct fiscal impact on their organization and estimated the need for 2 additional FTEs, 1 Attorney \$85,000 and 1 Clerk \$45,000 annually, with applicable equipment and expense.

Officials from the **Office of Administration (OA)** note:

§290.410 - This bill proposes changes to the laws currently prohibiting payment of a lower wage to a female employee so that the laws would, inter alia, prohibit "discriminat[ion] in ... compensation based on gender." This provision has the potential to increase costs to the Legal Expense Fund (LEF) if a claim were successfully brought against a state employee for violation of this legislation.

§290.440 - Appears to change the measure of damages that can be awarded for violation of this section. To the extent this increases the amount of damages that could be awarded, if a claim were successfully brought against a state employee alleging a violation of this legislation, this could increase costs to the Legal Expense Fund. The number of potential claims, the severity of those claims, and the ultimate costs associated with any settlement or judgment resulting from those claims cannot be forecasted with any degree of assurance to their accuracy.

Oversight notes most LEF costs are reimbursed from the General Revenue Fund (GR). GR has paid for the majority of payments from the LEF since payments on LEF cases for agencies with designated reimbursable funds have been relatively small. According to Office of Administration - Risk Management (OARM), broader budget authority to transfer from Federal and Other Funds beginning in FY 18 allowed for an increase of percentage of payments from Federal and Other Funds. Table 1 below shows historical LEF costs broken down for GR versus Federal Funds/Other Funds (Source: Office of Administration)

Table 1: Legal Expense Fund payments from GR and Fed/Other

	GR	Fed/Other	Total	GR %	Fed/Other %
FY 22	\$11,972,573	\$871,644	\$12,844,218	93%	7%
FY 23	\$24,409,567	\$535,699	\$24,945,265	98%	2%
FY 24	\$25,936,222	\$1,060,910	\$26,997,132	96%	4%
FY 25	\$25,380,006	\$514,512	\$25,894,518	98%	2%
Total	\$87,698,368	\$2,982,765	\$90,681,133	96.25%	3.75%

Oversight does not have any information contrary to that provided by OA. Therefore, Oversight will reflect OA’s potential unknown impact for fiscal note purposes to the State Legal Expense Fund. Oversight notes the Legal Expense Fund is funded by the General Revenue Fund as well as other state funds and federal funds. Oversight notes this possible litigation exposure as described by OA could also apply to colleges and universities and local political subdivisions.

Officials from the **Department of Corrections (DOC)** assume this legislation prohibits employers from engaging in certain forms of discrimination based on gender.

§290.410 stipulates no employer shall discriminate based on gender in providing compensation for equal work. §290.440 holds the employer liable for the amount of wages they deprived the employee, as well as an additional amount in compensatory damages, such additional amount not to exceed twice the wages awarded.

The proposed legislation could expand the number of claims filed against the department. It is unknown how many claims would be filed; therefore, the department is unable to project a fiscal cost and assumes a (\$0-Unknown) impact.

Oversight notes DOC assume the proposal will have a direct fiscal impact on their organization that could reach over \$250,000 threshold. Oversight does not have any information to the contrary. Therefore, Oversight will reflect an impact for the DOC as a part of the OA costs that effect LEF funds.

Officials from the **Attorney General’s Office (AGO)** assume 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 **City of Kansas City** assume this legislation could have a negative fiscal impact on City in an indeterminate amount.

Officials from the **Department of Commerce and Insurance, Department of Corrections, Department of Economic Development, Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Higher Education and Workforce Development, Department of Labor and Industrial Relations, Department of Mental Health, Department of Natural Resources, Department of Public Safety (Division of Alcohol and Tobacco Control, Capitol Police, Fire Safety, Missouri Gaming Commission, Missouri Veterans Commission, Office of the Director, State Emergency Management Agency), Department of Revenue, Department of Social Services, Joint Committee on Administrative Rules, Joint Committee on Legislative Research (Legislative Research and Oversight Division), Missouri Consolidated Health Care Plan, Missouri Department of Agriculture, Missouri Department of Conservation, Missouri Department of Transportation, Missouri Ethics Commission, Missouri House of Representatives, Missouri Lottery Commission, Missouri National Guard, Missouri Senate, Missouri State Employee's Retirement System, Office of Administration (Administrative Hearing Commission, Budget and Planning, Commissioner's Office), Office of the Governor, Office of the Lieutenant Governor, Office of the Secretary of State, Office of the State Auditor, Office of the State Courts Administrator, Office of the State Public Defender, Office of the State Treasurer, State Tax Commission, Northwest Missouri State University, University of Central Missouri, and University of Missouri System** 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions 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.

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 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Transfer Out – OA (§290.400-460) To the State Legal Expense Fund for potential increase in litigation p.4</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost – DOLIR (§290.400-460) p.3</u>			
Personal service	(\$108,333)	(\$132,600)	(\$135,252)
Fringe benefits	(\$70,798)	(\$86,004)	(\$87,070)
Equipment and expense	(\$42,896)	(\$11,577)	(\$11,809)
Total Costs - DOLIR	(\$222,027)	(\$230,181)	(\$234,131)
FTE Change – DOLIR	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	Could Exceed <u>(\$222,027)</u>	Could Exceed <u>(\$230,181)</u>	Could Exceed <u>(\$234,131)</u>
OTHER STATE FUNDS			
<u>Transfer Out – OA (§290.400-460) To the State Legal Expense Fund for potential increase in litigation p.4</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
FEDERAL FUNDS			
<u>Transfer Out</u> –OA (§290.400-460) To the State Legal Expense Fund for potential increase in litigation p.4	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT TO FEDERAL FUNDS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
COLLEGES AND UNIVERSITIES			
<u>Cost</u> – (§290.400-460) Potential increase in litigation p.3-4	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
LEGAL EXPENSE FUND (1692)			
<u>Transfer In</u> – (§290.400-460) From General Revenue, other State and Federal funds p.3	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – OA (§290.400-460) Potential increase in litigation p.3	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> - (\$290.400-460) Potential increase in litigation p.3-4	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill prohibits an employer from discriminating based on gender in providing compensation for the same work performed under similar working conditions. Wage disparities are not prohibited if based on bona fide factors other than gender.

The bill prohibits employers from taking any adverse action against an employee who utilizes the protections of this bill and prohibits an employer from reducing wages to comply with the provisions of this bill.

This bill allows recovery of actual damages and for an additional amount in compensatory damages, where the additional amount does not exceed twice the wages awarded, for any unlawful gender-based compensation practice. An employer who shows deliberate patterns of violations of the provisions of this bill may be ordered to pay punitive damages, in addition to any other compensation or injunctive relief ordered by a court.

The bill further allows any employee who prevails in a civil action brought under the provisions of this bill to recover reasonable attorney's fees and court costs. Any action brought under the sections of this bill must be commenced within two years after the alleged violation occurs or the date of the reasonable discovery of such violation.

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 Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Higher Education and Workforce Development
Department of Labor and Industrial Relations
Department of Mental Health
Department of Natural Resources
Department of Public Safety
 Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri Veterans Commission
 Office of the Director
 State Emergency Management Agency
Department of Revenue
Department of Social Services
Joint Committee on Administrative Rules
Joint Committee on Legislative Research
 Legislative Research
 Oversight Division
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Department of Transportation
Missouri Ethics Commission
Missouri House of Representatives
Missouri Lottery Commission
Missouri National Guard
Missouri Senate
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Office of Administration
 Administrative Hearing Commission
 Budget and Planning
 Commissioner's Office
Office of the Governor
Office of the Lieutenant Governor

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Office of the Secretary of State
Office of the State Auditor
Office of the State Courts Administrator
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
Missouri University System
Northwest Missouri State University
University of Central Missouri
City of Kansas City



Julie Morff
Director
January 28, 2026



Jessica Harris
Assistant Director
January 28, 2026