

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5876H.02C  
 Bill No.: HCS for HB Nos. 2366 & 2511  
 Subject: Employees - Employers; Department of Labor and Industrial Relations; Contracts and Contractors; Labor and Management; Immigration  
 Type: Original  
 Date: March 10, 2026

Bill Summary: This proposal modifies provisions relating to employment of unauthorized aliens.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(\$9,269 to Unknown)	(\$22,691 to Unknown)	(\$23,145 to Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$9,269 to Unknown)</b>	<b>(\$22,691 to Unknown)</b>	<b>(\$23,145 to Unknown)</b>

\*DOC notes that current capacity will be met by July 2029 (FY 2030) or potentially much sooner. Therefore, Oversight has made the decision to reflect the marginal cost of incarceration up to an unknown cost if DOC needs to add staff and/or rehabilitate, expand or construct additional capacity. Oversight assumes the unknown cost has the potential to exceed \$250,000.

**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
<b>Total Estimated Net Effect on 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 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

**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.

#### §285.530, 285.535, 285.543, and 285.550 Employment of Unauthorized Aliens

In response to somewhat similar legislation, HB 120 (2025) and HB 1515 (2024), officials from the **Attorney General's Office** assumed this proposal would increase caseloads. AGO requested additional attorneys (20 attorneys with various expertise) to manage the additional cases. Additional support staff are also requested to support the attorneys.

In response to the previous version of this proposal, Officials from the **Attorney General's Office** assumed the proposal would have no fiscal impact on their organization.

**Oversight** notes this proposal modifies the provisions allowing the Attorney General (AGO) to enforce the law governing the employment of unauthorized aliens. The AGO is given authority to investigate alleged or suspected violations of the law pertaining to the proper classification of employees for purposes of public works projects. Furthermore, the AGO is given powers provided by the Merchandising Practices Act for the purpose of investigating any alleged or suspected violation of the law governing the employment of unauthorized aliens.

Oversight notes that according to the Migration Policy Institute website there were approximately 65,000 unauthorized immigrant population in Missouri, as of 2023. Additionally, approximately 41,000 of the unauthorized population were actively working in Missouri.

Based on the AGO's response to the previous version, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Department of Corrections (DOC)** assume this legislation modifies provisions relating to employment of unauthorized aliens.

§285.535 is modified so the attorney general has the authority to investigate any businesses suspected of hiring unauthorized aliens. Complaints may be filed against employers allegedly engaging in these practices, but they must be accompanied by a sworn affidavit subject to perjury (section 575.040). Perjury committed in any proceeding not involving a felony charge is considered a class E nonviolent felony offense.

As these are new crimes, there is little direct data on which to base an estimate, and as such, the department estimates an impact comparable to the creation of a new class E felony.

For each new nonviolent class E felony, the department estimates one person could be sentenced to prison and two to probation. The average sentence for a nonviolent class E felony offense is 3.4 years, with 1.4 years served in prison prior to first release. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2029.

	# to prison	Cost per year	Total Costs for prison	Change in & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	1	(\$11,123)	(\$9,269)	0	\$0	2	(\$9,269)
Year 2	2	(\$11,123)	(\$22,691)	0	\$0	4	(\$22,691)
Year 3	2	(\$11,123)	(\$23,145)	0	\$0	7	(\$23,145)
Year 4	2	(\$11,123)	(\$23,608)	0	\$0	7	(\$23,608)
Year 5	2	(\$11,123)	(\$24,080)	0	\$0	7	(\$24,080)
Year 6	2	(\$11,123)	(\$24,561)	0	\$0	7	(\$24,561)
Year 7	2	(\$11,123)	(\$25,053)	0	\$0	7	(\$25,053)
Year 8	2	(\$11,123)	(\$25,554)	0	\$0	7	(\$25,554)
Year 9	2	(\$11,123)	(\$26,065)	0	\$0	7	(\$26,065)
Year 10	2	(\$11,123)	(\$26,586)	0	\$0	7	(\$26,586)

The department will assume a marginal cost (multiplied by number of offenders) for any projected increase or decrease in the incarcerated population. Marginal cost is \$30.47 per day or an annual cost of \$11,123 per offender which includes costs such as medical, food, wages and operational E&E. The unknown amount is a result of the uncertainty in the growth of the underlying offender population. The impact of any new legislation combined with the growth of the underlying population could result in the tiered approach below in order to meet the population demands.

1. Fully staffing their current capacity (27,368), which is habitable, but they do not have the staffing resources for all bed space.
2. Rehabilitating current space that is not currently habitable and obtaining staffing resources for that space (requires capital improvements).
3. Expanding new capacity by adding housing units or wings to existing prisons and obtaining staffing resources for that space (requires capital improvements).
4. Constructing a new prison and obtaining staffing resources. Based on current construction projects in other Midwest states, the department estimates the cost of

constructing a new 1,500-bed maximum security prison at approximately \$825 million to \$900 million plus annual operating costs of approximately \$50 million (requires capital improvements).

The department's population projections indicate current physical capacity will be met by July 2029; however recent trends indicate that capacity could be met much sooner. Should new construction be the result of the increasing offender population, the full cost per day per offender would be used which is \$106.96 or an annual cost of \$39,040. This includes all items in the marginal cost calculation plus fringe, personal service, utilities, etc.

DOC's cost of probation or parole is determined by the number of P&P Officer II positions that are needed to cover its caseload. The DOC average district caseload across the state is 51 offender cases per officer. An increase/decrease of 51 cases would result in a cost/cost avoidance equal to the salary, fringe, and equipment and expenses of one P&P Officer II. Increases/decreases smaller than 51 offender cases are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

\* If this impact statement has changed from statements submitted in previous years, it could be due to an increase/decrease in the number of offenders, a change in the cost per day for institutional offenders, and/or an increase in staff salaries.

Officials from the **Office of Administration- Budget & Planning (B&P)** assume §285.530 and 285.535 is modified and holds contractors and subcontractors liable for their direct subcontractors who have unauthorized aliens working for them. If the Attorney General of Missouri (AG) has reason to believe an employer has hired and/or employs unauthorized aliens, and that employer is a direct subcontractor to a contractor or subcontractor, then the AG may seek to suspend any license, permit, or exemption issued under state law and seek monetary damages equal to ten times the wages paid to the unauthorized alien from the contractor and/or subcontractor, and direct subcontractor.

To the extent any penalties or fines are awarded to the state, TSR may be impacted.

**Oversight** notes that violations of §285.535. 5. could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Officials from the **Office of the State Courts Administrator (OSCA)** assume there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

**Oversight** notes OSCA assumes this proposal may have some impact on their organization although it can't be quantified at this time. As OSCA is unable to provide additional information regarding the potential impact, Oversight assumes the proposed legislation will have a \$0 or (Unknown) cost to the General Revenue Fund. For fiscal note purposes, Oversight also assumes the impact will be under \$250,000 annually. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note. If additional information is received, Oversight will review it to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Officials from the **Office of Administration - Administrative Hearing Commission, Department of Commerce and Insurance, 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 House of Representatives, Missouri Lottery Commission, Missouri National Guard, Missouri Senate, Missouri State Employee's Retirement System, Office of Administration (Administrative Hearing Commission, Commissioner Office), Office of the Governor, Office of the Secretary of State, Office of the State Auditor, Joint Committee on Administrative Rules, Office of the State Treasurer, University of Missouri System, Northwest Missouri State University, City of Kansas City and State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

In response to a previous version, officials from the **Office of the State Public Defender, Missouri Office of Prosecution Services, Missouri Ethics Commission, and Missouri House of Representatives** each assumed 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 respective agencies.

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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Cost – DOC</u> (§285.535 and §575.040) Increased incarceration cost p.4-5	(\$9,269 to Unknown)	(\$22,691 to Unknown)	(\$23,145 to Unknown)
<u>Cost – OSCA</u> (§§585.530, 585.535) Increase in potential court cost p.5-6	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE</b>	<b>(\$9,269 to Unknown)</b>	<b>(\$22,691 to Unknown)</b>	<b>(\$23,145 to Unknown)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Gain – School Districts</u> (§§285.535.5) Potential Penalties p.5-6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>ESTIMATED NET EFFECT ON THE LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

FISCAL IMPACT – Small Business

Violators of provisions in sections 285.530 and 285.535 will have to pay monetary damages of twice the amount of wages they paid to any of their unauthorized alien workers. This may have a negative impact on small businesses found in violation of these sections.

FISCAL DESCRIPTION

Current law provides that a general contractor or subcontractor of any tier will not be liable when the general contractor or subcontractor contracts with its direct subcontractor who employs an unauthorized alien in violation of law. This bill provides that the general contractor or subcontractor will be liable in such circumstance if the general contractor or subcontractor knows or should have known of the violation.

The bill modifies the provisions allowing the Attorney General (AG) to enforce the law governing the employment of unauthorized aliens. The AG is given authority to investigate alleged or suspected violations of the law pertaining to the proper classification of employees for purposes of public works projects. Furthermore, the AG is given powers provided by the Merchandising Practices Act for the purpose of investigating any alleged or suspected violation of the law governing the employment of unauthorized aliens.

In any action brought by the AG to enforce the provisions of law governing the employment of unauthorized aliens, the State will have the burden of proving by a preponderance of the evidence that the employer knowingly employed, hired for employment, or continued to employ an unauthorized alien to perform work within this state.

The AG can seek an injunction prohibiting the employer from employing an unauthorized alien and seek monetary damages in the amount equal to twice the amount of wages paid by the employer to any unauthorized alien workers during the time in which such unlawful employment is alleged to have occurred. The AG can bring an action for injunctive and monetary relief in the circuit court of any county where the alleged violation is occurring or about to occur, or in the Cole County Circuit Court.

If a court determines that an employer has knowingly hired an unauthorized alien, the court must enter a judgment in favor of the State and award penalties in an amount consistent with the prayer for relief in the petition. The AG can enter a consent judgment with any person alleged to have committed a violation prohibited by this bill.

The bill provides that any employer that reports an alleged violation of the sections outlined in this bill to the AG will not be subject to any liability.

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

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 Office of Prosecution Services  
Missouri Senate  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Office of Administration  
Administrative Hearing Commission  
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

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