

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5877H.02I
Bill No.: HB 2511
Subject: Employees - Employers; Department of Labor and Industrial Relations; Contracts and Contractors; Labor and Management; Immigration
Type: Original
Date: January 26, 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*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	(Unknown)	(Unknown)	(Unknown)

*Oversight assumes the additional attorneys needed for the AGO compliance with the legislation will reach \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue – AGO	Unknown FTE	Unknown FTE	Unknown FTE
Total Estimated Net Effect on FTE	Unknown FTE	Unknown FTE	Unknown 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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office** 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.

§§285.530 & 285.535 - Employment of Unauthorized Aliens

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 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.

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.

Officials from the Attorney General's Office did not respond to **Oversight's** request for fiscal impact for this proposal. Therefore, **Oversight** will assume the AGO will need additional attorney(s) to comply with the legislation and reflect an unknown cost that could exceed the \$250,000 threshold to the general revenue in the fiscal note beginning FY 2027.

Officials from the **Office of the State Courts Administrator (OSCA)** state this proposal may have some impact but there is no way to quantify that amount 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.

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 **Department of Commerce and Insurance, Department of Economic Development, Department of Elementary and Secondary Education, 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, Missouri Gaming Commission, Missouri Veterans Commission, Office of the Director, State Emergency Management Agency, Fire Safety), Department of Social Services, Missouri Consolidated Health Care Plan, Missouri Department of Agriculture, Missouri Department of Transportation, MoDOT & Patrol Employees' Retirement System, Missouri Lottery Commission, Missouri National Guard, Missouri Office of Prosecution Services, Office of Administration (Administrative Hearing Commission, Commissioner's Office), Office of the State Auditor, Legislative Research, Missouri State Employee's Retirement System, Oversight Division, Office of the State Public Defender, Department of Health and Senior Services, Department of Revenue, Joint Committee on Administrative Rules, Joint Committee on Public Employee Retirement and 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.

Officials from the **Northwest Missouri State University, University of Central Missouri, City of O'Fallon** and the **City of Kansas City** 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 this agency.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost</u> – (§285.530 and §285.545) p.4 AGO FTE	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> – OSCA (§§585.530 and 585.535) Increase in potential court cost p.4-5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE	(Unknown)	(Unknown)	(Unknown)
Estimated Net FTE Change on General Revenue	Unknown FTE	Unknown FTE	Unknown FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain</u> – School Districts (§§285.535. 5.) Potential Penalties p.4	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON THE 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

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.

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 Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
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 Transportation

Missouri Lottery Commission

Missouri National Guard

Missouri Office of Prosecution Services

Missouri State Employee's Retirement System

MoDOT & Patrol Employees' Retirement System

Office of Administration

Administrative Hearing Commission

Commissioner's Office

Office of the Lieutenant Governor

Office of the State Auditor

Office of the State Courts Administrator

Office of the State Public Defender

State Tax Commission

Northwest Missouri State University

University of Central Missouri

City of Kansas City



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January 26, 2026



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