COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 7237H.01I
Bill No.: HB 3306
Subject: Labor and Management; State Employees; Employees - Employers; Department of Labor and Industrial Relations
Type: Original
Date: March 3, 2026

Bill Summary: This proposal modifies provisions relating to public labor organizations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

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

*Oversight assumes the potential cost to OSCA will not exceed the $250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on Other 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 All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☐ 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

§105.515 - Public Labor Organizations

In response to similar legislation, HB 3283 (2026), officials from the **Office of the State Courts Administrator (OSCA)** noted that regarding this legislation 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.

In response to similar legislation, HB 3283 (2026), officials from the **Office of Attorney General (AGO)** assumed 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 **Department of Labor and Industrial Relations**, **Office of Administration**, **Missouri National Guard** 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 this agency.

Officials from the **City of Kansas City** assume the proposal could have a negative fiscal impact on Kansas City. There are provisions in the legislation that allow a union to declare impasse at any time and require agreement to new CBA terms within 180 days of the expiration of a prior CBA. This could have a negative fiscal impact by putting pressure on the City to agree to new wages and salaries in a new CBA. The bill also states that any unilateral changes by the City to terms and conditions of employment will be considered not bargaining in "good faith," and creates a cause of action for the union. This language is so broad as to allow a union to litigate nearly any change in the City's rules and thereby have a negative fiscal impact on the City due to litigation costs and an inability for the City to properly exercise its management rights.

Oversight notes that according to the publicly available websites there are approximately 301 unions and employment organizations in the greater Kansas City metro area, including the cities of Kansas City, Lenexa, and Overland Park within the states of Kansas and Missouri.

Additionally, there are more than 1,000 unions and employment organizations operating in Missouri, including over 700 labor unions. Union membership is much higher among public-sector employees (32.9%) than private-sector employees (5.9%). Major public-sector unions in the state include the American Federation of State, County and Municipal Employees, the Missouri National Education Association, and the Service Employees International Union.

Oversight will reflect a range of potential costs associated with collective bargaining negotiations, mediation, and arbitration for local political subdivisions.

<u>Rule Promulgation</u>

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>Cost</u> – OSCA (§105.515) Potential court costs p.3	$0 or <u>(Unknown)</u>	$0 or <u>(Unknown)</u>	$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	**$0 or <u>(Unknown)</u>**	**$0 or <u>(Unknown)</u>**	**$0 or <u>(Unknown)</u>**

FISCAL IMPACT – Local Government	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISISIONS			
Cost – (§105.515) Bargaining negotiations, mediation, and arbitration p.3-4	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	**$0 or (Unknown)**	**$0 or (Unknown)**	**$0 or (Unknown)**

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill establishes new procedures for public labor organizations and public bodies in Missouri when negotiating collective bargaining agreements. It mandates that within 30 days of a labor organization being recognized as the exclusive representative for public employees, both parties must begin good faith bargaining over wages, benefits, and other employment terms. If an agreement is not reached within 180 days, the dispute goes to mediation, and if still unresolved after 90 days with a mediator, it moves to arbitration.

The bill also outlines a process for selecting an arbitrator if parties cannot agree, involving panels from Federal services, including the Federal Mediation and Conciliation Service (FMCS) or the American Arbitration Association (AAA), with the arbitrator's decision being binding unless it requires new legislation.

Furthermore, the bill defines "good faith" bargaining and allows either party to submit claims of bad faith bargaining to the board for determination, potentially leading to arbitration. Public bodies are prohibited from making unilateral changes to wages, benefits, or other mandatory bargaining terms once a labor organization is recognized or an agreement expires, and violations can lead to legal action for damages and injunctive relief. The bill also includes provisions for successor agreements and allows the board to create necessary rules for implementation.

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 Labor and Industrial Relations
Office of Administration - Administrative Hearing Commission
Office of Administration
Office of the State Courts Administrator
Attorney General's Office
Missouri National Guard
Office of the State Courts Administrator
Joint Committee on Administrative Rules
City of Kansas City

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