

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4370-03  
Bill No.: SB 606  
Subject: Employees-Employers; Labor and Industrial Relations Department; Labor and Management  
Type: Original  
Date: January 30, 2016

Bill Summary: This proposal modifies the law relating to prevailing wage.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
College and University Funds	Greater than \$250,000	Greater than \$250,000	Greater than \$250,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Greater than \$250,000</b>	<b>Greater than \$250,000</b>	<b>Greater than \$250,000</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **University of Central Missouri** assume this proposal would have a positive fiscal impact on their organization of approximately \$250,000 per year. This is based on expenditures over the past year on maintenance and repair work of \$2.5 million due to an estimated 10% savings that would result from not paying prevailing wage for maintenance and repair work.

Officials at the **Northwest Missouri State University (NW)** assume this proposal could have a positive fiscal impact on their organization. NW states it is difficult to quantify because they do not know their exact future maintenance projections or whether they are minor or major plus the contracts that would be used. If the maintenance contractors used are in a location such as Kansas City, then their wages are probably equal to prevailing wage rates. Therefore, may not have an impact but if smaller, local contractors were used cost would be less because the wages they pay are less than prevailing wage rates.

Officials at the **City of Kansas City** assume this proposal would have an unknown fiscal impact on their organization. This cannot be determined due to the uniqueness of each project and the scope of work for those projects.

Officials at **Callaway County** assume this proposal could have a positive fiscal impact on their organization.

Officials at **Cole County** assume this proposal could have a positive fiscal impact on their organization. Based on some work that previously required prevailing wage payment would no longer qualify for prevailing wage, thus costing the County less for certain repairs. However, the limitation of "maintenance work" in section 290.210(7) to not exceed the original cost of the structure may negate any potential positive fiscal impact to Cole County. Some Cole County operations are housed in historic structures that originally cost very little compared to today's prices and cost of repairs and maintenance work.

Officials at the **Macon County R-IV** assume this proposal could have a positive fiscal impact on their organization. Based on previous work which would now be considered "maintenance", and not subject to prevailing wages, as described in the bill this would reduce labor costs by 3-4 times depending on specific jobs and according to the county wage order.

ASSUMPTION (continued)

It appears to indicate that schools in non-charter counties that are renovating could include that work under maintenance where it was formerly considered construction and prevailing wages applied. If that is the case then this will save the district a large percentage of costs associated with repair and renovation that do not add to existing structures.

Officials at the **Kansas City School District** and **Kennett #39** assume this proposal could have a positive fiscal impact on their organizations which cannot be determined.

Officials at the **Department of Labor and Industrial Relations, Department of Economic Development, Office of Administration - Budget and Planning, Office of Administration - Facilities Management, Design and Construction, and Office of Administration - Personnel** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the cities of **Columbia** assume this proposal will not have a fiscal impact on their organization.

Officials at the counties of **St. Louis** and **Mississippi** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the **St. Louis County Board of Elections Commission** assume this proposal would not have a fiscal impact on their organization.

Officials at the **Missouri State University, University of Missouri and State Technical College of Missouri** each assume this proposal will not have a fiscal impact on their respective organizations.

Officials at the charter school **Hawthorn** assume this proposal will not have a fiscal impact on their organization.

Officials at the School Districts of **Brentwood, Grain Valley R-V, Kearney R-I, Middle Grove C-I, Sarcoxie R-II, Shelby County R-IV, St. Charles, Shell Knob #78, West Plains R-III, Tipton R-VI, Wright City R-II, and Warren County R-III** each assume this proposal will not have a fiscal impact on their respective organizations.

ASSUMPTION (continued)

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Des Peres, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following board of election commissions: Kansas City Board of Election Commission, St. Louis City Board of Election Commission, Clay County Board of Election Commission, Jackson County Board of Election Commission, and Platte County Board of Election Commission and did not respond to **Oversight's** request for fiscal impact.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, and Truman State University, and the did not respond to **Oversight's** request for fiscal impact.

Officials at the following charter schools: Carondelet Leadership Academy, Eagle College Prep, Frontier Schools, and the KIPP Endeavor Academy of Kansas City did not respond to **Oversight's** request for fiscal impact.

Officials at the following school districts: Arcadia Valley R-2, Aurora R-8, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Cassville R-4, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, East Newton R-6, Eldon R-I, Everton R-III, Fair Grove, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6,

ASSUMPTION (continued)

Fredericktown R-I, Fulton, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, King City R-1, Kingston 42, Kirbyville R-VI, Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, Mehville, Mexico, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Richland R-1, Riverview Gardens, Salisbury R-4, Scotland County R-I, Sedalia, Seymour R-2, Sikeston, Silex, Slater, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Elizabeth R-4, Sullivan, Tipton R-6, Valley R-6, Verona R-7, Warrensburg R-6, Webster Groves, and the Westview C-6 did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
---	---------------------	---------	---------

**COLLEGE AND UNIVERSITY FUNDS**

Savings - Colleges and Universities  
 Wages for Construction / Maintenance Employees

Greater than <u>\$250,000</u>	Greater than <u>\$250,000</u>	Greater than <u>\$250,000</u>
----------------------------------	----------------------------------	----------------------------------

**NET EFFECT ON COLLEGE AND UNIVERSITY FUNDS**

<b>Greater than <u>\$250,000</u></b>	<b>Greater than <u>\$250,000</u></b>	<b>Greater than <u>\$250,000</u></b>
--	--	--

FISCAL IMPACT - Local Government

FY 2017 (10 Mo.)	FY 2018	FY 2019
---------------------	---------	---------

**POLITICAL SUBDIVISIONS**

Savings - Political Subdivisions  
 Wages for Construction/Maintenance Employee

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
----------------	----------------	----------------

**ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS**

<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
-----------------------	-----------------------	-----------------------

### FISCAL IMPACT - Small Business

Small businesses that no longer receive prevailing wage could be impacted.

### FISCAL DESCRIPTION

This act modifies the definition of "construction" for purposes of prevailing wage laws. The definition of "maintenance work" is also modified to include repairs that restore existing facilities to a previous state or condition or improve the utility or enhance the appearance of existing facilities provided that the size, type or extent of the existing facilities is not thereby changed or increased. Maintenance work further includes any improvement done that does not exceed the original cost of the facility.

The changes in this act do not apply to charter counties.

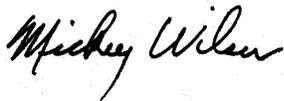
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Labor and Industrial Relations  
Department of Economic Development  
Office of Administration  
    Budget and Planning  
    Facilities Management, Design and Construction  
    Personnel  
City of Columbia  
City of Kansas City  
Callaway County  
Cole County  
St. Louis County  
Mississippi County  
St. Louis County Board of Elections Commission  
Metropolitan Community College  
Missouri State University  
Northwest Missouri University  
State Technical College of Missouri  
University of Central Missouri  
University of Missouri  
Hawthorn School District

SOURCES OF INFORMATION (continued)

Brentwood School District  
Grain Valley R-V School District  
Kearney R-I School District  
Middle Grove C-I School District  
Sarcoxie R-II School District  
Shelby County R-IV School District  
City of St. Charles School District  
Macon County R-IV School District  
Kennett #39 School District  
Kansas City Public School District  
Shell Knob #78 School District  
West Plains R-VII School District  
Tipton R-VI School District  
Wright City R-II School District  
Warren County R-III School District



Mickey Wilson, CPA  
Director  
January 30, 2016

Ross Strope  
Assistant Director  
January 30, 2016