

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4603-01
Bill No.: Perfected HB 1851
Subject: Administrative Rules; Employment Security; Labor and Industrial Relations
 Department
Type: Original
Date: April 23, 2008

Bill Summary: This proposal requires the Department of Labor and Industrial Relations to promulgate rules to implement the provisions of Sections 290.500 to 290.530.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$240,379	\$259,977	\$279,792
Total Estimated Net Effect on General Revenue Fund	\$240,379	\$259,977	\$279,792

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal Funds	\$182,374	\$187,845	\$193,481
Total Estimated Net Effect on <u>All</u> Federal Funds	\$182,374	\$187,845	\$193,481

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	Unknown greater than \$100,000	Unknown greater than \$100,000	Unknown greater than \$100,000

FISCAL ANALYSIS

ASSUMPTION

Section 290.531

Officials at the **Department of Labor and Industrial Relations** assume that there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. 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 the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Section 290.505

In response to similar bills SB1007 and HB 1424 filed this year, officials at the **Office of Administration (OA)** assume this proposal affects all state agencies since it changes overtime provisions of state law. However, the main impact of the proposed legislation is upon the Department of Corrections and the Adjutant General of the Department of Public Safety. Those state agencies employ flexible schedules for overtime calculations under federal law.

The Department of Corrections would have 133 employees affected at an average salary of \$27,628 per annum.

The Adjutant General has 24 employees affected at an average salary of \$35,735.

The OA estimate of General Revenue Fund costs which could be avoided if the proposal was implemented totaled \$240,379 for FY09, \$247,590 for FY10 and \$255,017 for FY11. Costs avoided for Federal Funds were estimated at \$182,374 for FY09, \$187,845 for FY 10, and

ASSUMPTION (continued)

\$193,481 for FY11. The OA estimate represents the overtime costs if the same number of hours were worked on a forty-hour work week basis as opposed to the current 28-day schedules. Benefits are calculated at 27.05%, instead of 44.22% as the cost estimates affect existing employees and does not require the addition of more employees.

In response to similar legislation HB 1424 filed this year the following Cities responded as follows:

Officials at the **City of Webb City** assume a significant savings in overtime pay.

Officials at the **City of West Plains** assume a positive impact of \$50,000 per year for the city from passage of this proposal.

Officials at the **City of Kansas City** assume this could have a positive fiscal impact on the City.

Officials at the **City of North Kansas City** assume this proposal would save between \$500,000 and \$700,000 a year in overtime costs for fire and police.

Officials at the **City of Harrisonville** assume this proposal saves \$214,000 a year.

Section 290.512

In response to a similar bill SB1007 filed this year, officials at the **OA** assume the provisions of the proposed legislation for tipped employees would not be applicable to the state of Missouri employees.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Savings - Overtime</u>	<u>\$240,379</u>	<u>\$259,977</u>	<u>\$279,792</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$240,379</u>	<u>\$259,977</u>	<u>\$279,792</u>
FEDERAL FUNDS			
<u>Savings - Overtime Adjutant General</u>	<u>\$182,374</u>	<u>\$187,845</u>	<u>\$193,481</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$182,374</u>	<u>\$187,845</u>	<u>\$193,481</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
LOCAL GOVERNMENT FUNDS			
<u>Savings - Overtime costs to local government public safety employees</u>	<u>Unknown greater than \$100,000</u>	<u>Unknown greater than \$100,000</u>	<u>Unknown greater than \$100,000</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT FUNDS	<u>Unknown greater than \$100,000</u>	<u>Unknown greater than \$100,000</u>	<u>Unknown greater than \$100,000</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

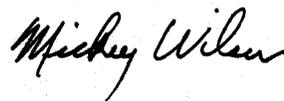
This act reinstates the Federal overtime standards in place before the passage of Proposition B (2006). Currently, the minimum wage is increased or decreased according to fluctuations in the Consumer Price Index. This act prevents such indexing to exceed the federal rate beginning January 1, 2010.

Currently, employers may pay tipped employees half of the Missouri minimum wage if their total compensation, including tips, equals the Missouri minimum wage. This act allows employers to pay such employees \$2.13 per hour if their total compensation, including tips, equals the Missouri minimum wage.

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 the Secretary of State
Office of Administration
City of Webb City
City of West Plains
City of Kansas City
City of North Kansas City
City of Harrisonville



Mickey Wilson, CPA
Director
April 23, 2008