

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4296-01  
Bill No.: SB 438  
Subject: Employees- Employers; Labor and Management  
Type: Original  
Date: January 12, 2012

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Bill Summary: This proposal bars employers from requiring employees to engage in or cease engaging in certain labor practices.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<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.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</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 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration (OA)** assume they are responsible for maintaining the State's nine labor contracts which cover eleven bargaining units, as well as assisting agencies with union contract negotiations, union-related activities, and other union-related inquiries. This includes ensuring agencies comply with applicable statutes while assisting in these responsibilities.

Section 290.590.2 of the proposed legislation would prohibit all state agencies and political subdivisions that currently have or could have employees covered under a labor organization as defined by the legislation from requiring their employees to pay any dues, fees, assessments, or other similar charges however denominated of any kind or amount as a condition or continuation of employment. OA would have to ensure this provision is complied with during all future negotiations. Section 290.590.7(5) would exempt any such agreement entered into before the effective date of this legislation.

Officials at the **Office of Attorney General (AGO)** assume this proposal gives AGO non-discretionary concurrent jurisdiction to prosecuting attorneys and the AGO to investigate complaints of violations, including class C misdemeanors and civil damages, and to use "all means at their command" to ensure effective enforcement. The number of any violations would be unknown. Therefore costs to AGO are unknown but could exceed \$100,000. If significant cases result from the proposal, AGO may seek an additional future appropriation to effectively enforce it.

Officials at the **Office of Prosecution Services** assume that there is no fiscal impact from this proposal. The creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Officials at the **City of Kansas City, Department of Agriculture, Department of Corrections, Department of Economic Development, Department of Health and Senior Services, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor and Industrial Relations, Department of Mental Health, Department of Natural Resources, Department of Public Safety, Department of Revenue, Department of Social Services, Lincoln University, Linn State Technical College, Metropolitan Community College, Missouri Department of Transportation, Missouri Tax Commission, Missouri Southern State University, Missouri State University, Missouri Veterans Commission, Missouri Western State University,**

ASSUMPTION (continued)

**Moberly Area Community College, Northwest Missouri State University, Office of the State Auditor, Office of State Courts Administrator, Office of the State Public Defender, Office of State Treasurer, Parkway School District, St. Louis County, University of Central Missouri and the University of Missouri** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, DESE cannot know how much additional money might be collected by local governments or the DOR to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials at the **Office of the Secretary of State (SOS)** assume each year, a number of bills may be considered by the General Assembly that would refer to a vote of the people the issue in the legislation. Unless a special election is called for the purpose, referendums are submitted to the people at the next general election. If a special election is called to submit a referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people.

SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot

ASSUMPTION (continued)

propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

**Oversight** assumes the SOS could absorb the costs of advertising the statewide ballot measure related to this proposal within their current appropriation level. If multiple bills pass or if multiple ballot initiatives are validated which require similar advertising at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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

City of Kansas City  
Department of Agriculture  
Department of Corrections  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Higher Education  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Labor and Industrial Relations  
Department of Natural Resources  
Department of Mental Health  
Department of Public Safety  
Department of Revenue  
Department of Social Services  
Lincoln University  
Linn State Technical College  
Metropolitan Community College  
Missouri Department of Transportation  
Missouri Tax Commission  
Missouri Southern State University  
Missouri State University  
Missouri Veterans Commission  
Missouri Western State University  
Moberly Area Community College  
Northwest Missouri State University  
Office of Administration  
Office of Attorney General  
Office of Prosecution Services  
Office of the Secretary of State  
Office of the State Auditor  
Office of State Courts Administrator  
Office of the State Public Defender  
Office of State Treasurer  
Parkway School District  
St. Louis County  
University of Central Missouri  
University of Missouri

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent 'M' and 'W'.

Mickey Wilson, CPA  
Director  
January 12, 2012

JH:LR:OD