

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1091-02
Bill No.: Perfected HB 409
Subject: Labor and Industrial Relations Department; Counties; Education, Elementary and Secondary
Type: Original
Date: March 12, 2013

Bill Summary: This proposal changes the law regarding prevailing wage.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Conservation Fund	Unknown greater than \$100,000	Unknown greater than \$100,000	Unknown greater than \$100,000
Total Estimated Net Effect on Other State Funds	Unknown greater than \$100,000	Unknown greater than \$100,000	Unknown greater than \$100,000

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	Unknown greater than \$100,000 to (Unknown)	Unknown greater than \$100,000 to (Unknown)	Unknown greater than \$100,000 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Changes to the definition of Construction and Maintenance Work

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

In response to similar legislation filed this year (HB 453), the following responded:

Officials at the **City of Kansas City, Linn State Technical College, Metropolitan Community College, Northwest Missouri State University, Office of Administration, Parkway School District, Special School District, St. Louis County** and the **University of Central Missouri** each assume there is no fiscal impact to their organization from this proposal.

Officials at the **Department of Conservation** assume this proposal has the potential to reduce contracted construction expenditures in the amount of \$100,000 or greater per year because it would significantly reduce the type and number of projects that would require payment of prevailing wage.

Officials at the **Missouri Southern State University** assume the impact is unknown.

Officials at the **Missouri State University** assume a savings of \$15,000 annually.

Officials at the **University of Missouri** assume that if this proposal were to have an impact it would be less than \$100,000 annually.

Officials at the **Missouri Western State University** assume this would have an impact on the University as they are currently requesting prevailing wage rates on the smallest of projects. This proposal would save them a little money on the smaller projects and a lot of time in regards to paperwork and processing.

Officials at the **City of Columbia** assume this proposal would provide an unknown cost savings.

Oversight will reflect a savings over \$100,000 for local political subdivisions.

ASSUMPTION (continued)

Change to the calculation of prevailing wage rates

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

Due to time constraints, **Oversight** did not receive any fiscal impact responses from political subdivisions to determine accurately whether political subdivisions would experience increased costs or savings due to the calculation of prevailing wage rates; therefore, Oversight will reflect an unknown savings to unknown cost to local political subdivisions.

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

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
CONSERVATION FUNDS			
<u>Savings</u> - Department of Conservation - changes to prevailing wage definitions	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>
ESTIMATED NET EFFECT ON CONSERVATION FUNDS	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>	Unknown greater than <u>\$100,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> - Local Political Subdivisions - changes to prevailing wage definitions	Unknown greater than \$100,000	Unknown greater than \$100,000	Unknown greater than \$100,000
<u>Expense</u> - Local Political Subdivisions - change in prevailing wage calculation	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Unknown greater than <u>\$100,000 to (Unknown)</u>	Unknown greater than <u>\$100,000 to (Unknown)</u>	Unknown greater than <u>\$100,000 to (Unknown)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill changes the laws regarding prevailing 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

City of Columbia
City of Kansas City
Department of Conservation
Department of Labor and Industrial Relations
Linn State Technical College
Metropolitan Community College
Missouri Southern State University
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of Administration
Parkway School District
Special School District
St. Louis County
University of Central Missouri
University of Missouri

Not Responding:
Numerous Counties



Ross Strope
Acting Director
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