

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3637-05  
BILL NO.: Perfected HCS for HB 1569  
SUBJECT: Missouri Equal Pay Act  
TYPE: Original  
DATE: April 13, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	Could Exceed (\$100,000)	Could Exceed (\$100,000)	Could Exceed (\$100,000)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>Could Exceed (\$100,000)</b>	<b>Could Exceed (\$100,000)</b>	<b>Could Exceed (\$100,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	\$0	\$0	\$0

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Department of Labor and Industrial Relations** and the **Office of Administration - Division of Personnel** and **Division of Budget and Planning** assume there would be no fiscal impact to their agencies as a result of the proposal.

Officials of the **Office of State Courts Administrator (CTS)** assume they have no basis to predict any change in the volume of civil litigation under the proposal, so costs are unknown.

**Oversight** notes that in response to similar legislation in the prior session, CTS officials assumed the impact of the proposal on the workload of the courts would depend upon how the proposal was implemented, and the extent to which all employers respond to the requirements of the law. Provisions for recovery of attorney fees may tend to encourage litigation. CTS would expect that if civil caseloads increased by about 160 civil trials, the increased clerical workload on the circuit courts would cost the state in excess of \$100,000 per year. CTS cannot predict how many new civil cases would be filed, but noted it would not be unreasonable to conclude costs could exceed \$100,000 per year.

In response to the prior version of this proposal, officials of the **Department of Transportation (MoDOT)** assumed the proposal would result in an increased number of grievances and lawsuits and potential exposure to punitive damages. They assumed the proposal was much broader than the federal Equal Pay Act and also omitted reference to "equal work". They noted they would request additional staff (one attorney and one human relations specialist) plus related expenses totaling \$112,752 for FY 2001, \$122,074 for FY 2002, and \$125,144 for FY 2003, in addition to unknown impact from exposure to punitive damages. **Oversight** notes that amendments included in this proposal specify that no punitive damages will be awarded and add reference to "equal work". Consequently, those concerns of MoDOT have apparently been eliminated.

**Oversight** assumes that this proposal is essentially an extension of the Federal Equal Pay Act of 1963 and that state departments and local governments would already be in substantial compliance with the provisions of this proposal. The unknown costs could be as a result of an increased workload on the state courts from non-compliance to the provisions of this proposal in the private sector.

	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
<u>FISCAL IMPACT - State Government</u>			

**GENERAL REVENUE**

Costs-State Courts Administrator

	<b>Could Exceed</b>	<b>Could Exceed</b>	<b>Could Exceed</b>
	<b>(\$100,000)</b>	<b>(\$100,000)</b>	<b>(\$100,000)</b>
Increased caseload			
	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
<u>FISCAL IMPACT - Local Government</u>			
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small businesses in violation of the Missouri Equal Pay Act could be fiscally impacted.

DESCRIPTION

This bill enacts the Missouri Equal Pay Act. In its main provisions, the bill:

- (1) Makes it an unlawful employment practice for employers to discriminate between employees on the basis of age, sex, race, any disability or national origin in the payment of wages for equal work;
- (2) Makes it an unlawful employment practice for employers to retaliate against employees who utilize the protections of this act;
- (3) Clarifies wage payment differentials that will not be considered an unlawful employment practice;
- (4) Prohibits employers from reducing wages to comply with this act;
- (5) Requires employers to maintain records on wages paid to employees for a period of two years;
- (6) Lists the remedies available to employees for violations of this act; and

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DESCRIPTION (continued)

(7) Requires that actions be instituted within two years of the last violation and specifies that an employer's liability for back wages can extend to two years immediately prior to the date that action is brought.

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 - Division of Personnel and Division of Budget and Planning  
Office of State Courts Administrator  
Department of Transportation



Jeanne Jarrett, CPA  
Director  
April 13, 2000