

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0409-04
Bill No.: SCS for SB 10
Subject: Employees-Employers; Labor and Industrial Relations, Department of
Type: Original
Date: February 25, 2019

Bill Summary: This proposal modifies provisions relating to the minimum wage.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Various Other State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Various	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations** assume the proposal will have no fiscal impact on their organization.

Officials from the **City of Kansas City** assume the proposal will have no fiscal impact on their organization.

Officials from the **City of Keytesville** assume the proposal will have low fiscal impact on their organization.

Oversight notes that the Department of Labor and Industrial Relations and City of Kansas City have stated the proposal would not have a direct fiscal impact on their organization. Oversight assumes this proposal is simply updating the Revised Statutes of Missouri to reflect the changes made by Proposition B, passed in November 2018. However, **Oversight** notes that Section 290.502.3(3) allows employers to pay employees who are minors (under 18 years of age) a lower (85% of) minimum wage. This offers potential savings, compared to current law, to the State of Missouri, its political subdivisions and small businesses. Therefore, Oversight will reflect a zero to positive unknown fiscal impact for those agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Savings</u> - Lower minimum wage for minors	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
OTHER STATE FUNDS			
<u>Savings</u> - Lower minimum wage for minors	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT - Local Government

FY 2020
(10 Mo.)

FY 2021

FY 2022

POLITICAL SUBDIVISIONS

Savings - Lower minimum wage for minors

\$0 to Unknown

\$0 to Unknown

\$0 to Unknown

**ESTIMATED NET EFFECT ON
POLITICAL SUBDIVISIONS**

\$0 to Unknown

\$0 to Unknown

\$0 to Unknown

FISCAL IMPACT - Small Business

Small businesses that employ minors and tipped employees could be impacted by this proposal.

FISCAL DESCRIPTION

This act provides that any employer may pay any minor employee a rate of wage equal to 85% of the minimum wage rate required to be paid to an adult employee. "Minor employee" is defined as any employee who is less than 18 years of age.

The act additionally modifies the minimum wage rate required to be paid to tipped employees. Under current law, tipped employees must be paid no less than 50% of the minimum wage rate for all other employees. This act specifies that tipped employees shall receive no less than 50% of the wage rate paid to employees as of January 1, 2019, provided that their total compensation shall be no less than the wage rate paid to employees as of January 1, 2019, the difference being made up by the employer.

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

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SOURCES OF INFORMATION

Department of Labor and Industrial Relations
City of Kansas City
City of Keytesville



Kyle Rieman
Director
February 25, 2019

Ross Strobe
Assistant Director
February 25, 2019