

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4699S.01I
Bill No.: SB 1053
Subject: Civil Rights; Fees
Type: Original
Date: April 15, 2026

Bill Summary: This proposal removes availability of attorney fees under the Missouri Human Rights Act when a public employer is involved.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Could exceed \$4,377,725	Could exceed \$4,522,968	Could exceed \$4,536,827
Total Estimated Net Effect on General Revenue	Could exceed \$4,377,725	Could exceed \$4,522,968	Could exceed \$4,536,827

*Cost avoidance from no longer paying attorney fees to prevailing parties and potential reduction/reallocation of FTEs for the AGO.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Legal Expense Fund (0692)*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Savings and reduced funding net to zero.
Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
DOLIR Commission on Human Rights Fund (1117)*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Savings and reduced funding net to zero.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	Up to (7) FTE	Up to (7) FTE	Up to (7) FTE
Total Estimated Net Effect on FTE	Up to (7) FTE	Up to (7) FTE	Up to (7) FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§213.010 and 213.111 - Removes Availability of Attorney Fees Under the Missouri Human Rights Act When a Public Employer is Involved

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume the impact on Missouri Commission on Human Rights (MCHR) is unknown, with the effects the bill possibly equalizing each other. There may or may not be a reduction in caseload if attorneys no longer take on discrimination cases if attorney's fees are excluded from cases involving public employers. Complainants would still be able to file a complaint without an attorney.

In FY 2025 there were 664 notices of right to sue issued by MCHR. The Commission estimates that at least half of these are represented by an attorney. This may cause the loss of 332 complaints being filed or this may cause longer wait times than 180 days for the same 332 complaints because of more in depth investigation. If this causes a reduction in workload, due to fewer complaints, it may reduce the funds received from the EEOC in fund 1117 by an unknown amount.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a savings and corresponding revenue reduction to DOLIR Commission on Human Rights federal fund (1117) in the fiscal note.

Officials from the **Attorney General's Office** assume that the proposal would have a positive fiscal impact to the Office of Missouri Attorney General and the State of Missouri. They expect savings for the Legal Expense Fund (LEF) and opportunities for reallocation of 5-7 FTE. Major savings likely to exceed 8+ million yearly (maybe even 10-15 mil). In FY24 and YTD in FY25, Missouri Human Rights Act related attorney fee expenditures are approximately 30% of the overall LEF expenditures.

Potential Savings	FY 2022	FY 2023	FY 2024	FY 2025 (partial year)
Legal Expense Fund Expenditures for Attorney Fees on MHRA cases	\$727,447	\$2,073,115	\$8,752,700	\$3,324,531

Oversight notes the average expenditure from the LEF for attorney fees to prevailing parties on MHRA cases is estimated at \$3,719,448 based on the information provided by the AGO.

Officials from the **Office of Administration (OA)** assume, §213.111.2, this legislation has the potential to decrease costs to the state Legal Expense Fund (LEF) as damages of court costs and reasonable attorney fees to the prevailing party are excluded against public employer defendants.

Potential cost avoidance to the state is unknown. The amount of cost avoidance, if any, cannot be estimated as it would depend on the facts and circumstances of each case and judicial interpretation of the changes.

Oversight notes that the state self-assumes its own liability under the LEF, Section 105.711 RSMo. It is a self-funding mechanism whereby funds are made available for the payment of any claim or judgment rendered against the state in regard to the waivers of sovereign immunity or against employees and specified individuals. Investigation, defense, negotiation or settlement of such claims is provided by the Office of the Attorney General. Payment is made by the Commissioner of Administration with the approval of the Attorney General. Oversight notes the LEF is funded by General Revenue, Various Other State Funds and Federal Funds.

Oversight will reflect a transfer avoidance to the General Revenue for the reduction of reasonable attorney fees to prevailing parties that are now excluded against public employer defendants based on the average expenditure provided by the AGO, \$3,719,448. Oversight will reflect this as a transfer-in reduction to the LEF with corresponding savings.

Officials from the **Department of Public Safety – Missouri State Highway Patrol and the Department of Public Safety – Veterans Commission (MVC)** both defer to the AGO for the potential fiscal impact of this proposal.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume §213.010 and §213.111 are modified adding public employer to the list of those who can be held accountable for discriminatory actions. These proposals do not have a direct impact on TSR.

Officials from the **Missouri Department of Transportation (MODOT)** assume this bill would have an unknown positive impact on the Missouri Highways and Transportation Commission and MoDOT if not be liable to pay attorney fees in lawsuits under the Missouri Human Rights Act.

Officials from the **Department of Commerce and Insurance, Department of Corrections, Department of Economic Development, Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Higher Education and Workforce Development, Department of Labor and Industrial Relations, Department of Mental Health, Department of Natural Resources, Department of Public Safety (Division of Alcohol and Tobacco Control, Capitol Police, Fire Safety, Missouri Gaming Commission, Missouri Veterans Commission, Office of the Director, State Emergency Management Agency), Department of Revenue, Department of Social Services, Joint Committee on Administrative Rules, Joint Committee on Legislative Research (Legislative Research and Oversight Division), Missouri Consolidated Health Care Plan, Missouri Department of Agriculture, Missouri Department of Conservation, Missouri Department of Transportation, Missouri Ethics Commission, Missouri House of Representatives, Missouri Lottery Commission, Missouri Senate, Missouri State Employee's Retirement System, Office of Administration (Administrative Hearing Commission), Office of the**

Governor, Office of the Secretary of State, Office of the State Auditor, Office of the State Courts Administrator, Office of the State Public Defender, Office of the State Treasurer State Tax Commission, City of Kansas City, Northwest Missouri State University, University of Central Missouri, and the Missouri University System each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their respective organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

In response to similar legislation, HB 1145 (2025), officials from the **Missouri National Guard** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, county treasurers, county clerks, schools and colleges were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE FUND			
<u>Cost Avoidance – AGO (\$213.111.2)</u> p.3-4	Up to	Up to	Up to
Personal Service	\$404,167	\$494,700	\$504,594
Fringe Benefits	\$254,110	\$308,820	\$312,785
Expense & Equipment	\$0	\$0	\$0
<u>Total Cost Avoidance – AGO</u>	<u>\$658,277</u>	<u>\$803,520</u>	<u>\$817,379</u>
FTE Change – AGO	(7 FTE)	(7 FTE)	(7 FTE)
<u>Cost/Transfer Avoidance – Attorney and Court Fees no longer paid by LEF to prevailing parties in MHRA cases</u>	Could exceed <u>\$3,719,448</u>	Could exceed <u>\$3,719,448</u>	Could exceed <u>\$3,719,448</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	Could exceed <u>\$4,377,725</u>	Could exceed <u>\$4,522,968</u>	Could exceed <u>\$4,536,827</u>
Estimated Net FTE Change on General Revenue	Up to (7 FTE)	Up to (7 FTE)	Up to (7 FTE)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LEGAL EXPENSE FUND (0692)			
<u>Transfer-In Reduction – From General Revenue</u>	Could exceed (\$3,719,448)	Could exceed (\$3,719,448)	Could exceed (\$3,719,448)
<u>Cost avoidance – Attorney and Court Fees not paid by LEF</u>	Could exceed \$3,719,448	Could exceed \$3,719,448	Could exceed \$3,719,448
ESTIMATED NET EFFECT ON THE LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
DOLIR COMMISSION ON HUMAN RIGHTS FUND (1117)			
<u>Savings – DOLIR reduction in workload due to fewer complaints p.3</u>	Unknown	Unknown	Unknown
<u>Revenue Reduction – EEOC not disbursing Federal Funds to the fund p.3-4</u>	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON THE DOLIR COMMISSION ON HUMAN RIGHTS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

The Missouri Human Rights Act (MHRA) currently allows a prevailing party in any civil action brought pursuant to that chapter to be awarded court costs and reasonable attorney fees. This act only permits court costs and reasonable attorney fees in cases not involving a public employer, as that term is defined in the act.

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 Commerce and Insurance
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Higher Education and Workforce Development
Department of Labor and Industrial Relations
Department of Mental Health
Department of Natural Resources
Department of Public Safety
 Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri Veterans Commission
 Office of the Director
 State Emergency Management Agency
Department of Revenue
Department of Social Services
Joint Committee on Administrative Rules
Joint Committee on Legislative Research
 Legislative Research
 Oversight Division
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Department of Transportation
Missouri Ethics Commission
Missouri House of Representatives
Missouri Lottery Commission
Missouri Senate

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Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Office of Administration
 Administrative Hearing Commission
 Budget and Planning
 Commissioner's Office
Office of the Governor
Office of the Lieutenant Governor
Office of the Secretary of State
Office of the State Auditor
Office of the State Courts Administrator
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
Northwest Missouri State University
University of Central Missouri
Missouri University System
City of Kansas City



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