

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5303H.02P  
 Bill No.: Perfected HCS for HB 2489  
 Subject: Department of Labor and Industrial Relations; Immigration; Employees - Employers; Contracts and Contractors; Business and Commerce; Licenses - Miscellaneous; Department of Revenue; Taxation and Revenue - General  
 Type: Original  
 Date: April 18, 2024

Bill Summary: This proposal modifies provisions relating to employment and creates new requirements relating to the verification of the immigration status of certain persons.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2028)
General Revenue Fund*	Could Exceed (\$2,256,485)	Could Exceed (\$2,835,894)	Could Exceed (\$2,951,642)	Could Exceed (\$3,108,152)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Could Exceed (\$2,256,485)</b>	<b>Could Exceed (\$2,835,894)</b>	<b>Could Exceed (\$2,951,642)</b>	<b>Could Exceed (\$3,108,152)</b>

\*Oversight notes the above expenditures reflect DOC's increased incarceration costs, 4 FTE for DOLIR, up to 20 FTE for AGO, and SPD FTEs for reasonable representation.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2028)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2028)
<b>Total Estimated Net Effect on All Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2028)
General Revenue - AGO	20 FTE	20 FTE	20 FTE	20 FTE
General Revenue - DOLIR	4 FTE	4 FTE	4 FTE	4 FTE
General Revenue - DOC	0 FTE	0 FTE	0 FTE	1 FTE
General Revenue - SPD	Unknown	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on FTE</b>	<b>Could Exceed 24 FTE</b>	<b>Could Exceed 24 FTE</b>	<b>Could Exceed 24 FTE</b>	<b>Could Exceed 25 FTE</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2028)
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **§67.307, §191.265, §285.530, §285.535, §285.545, and §650.475 Employment Practices with penalty provision**

Officials from the **Department of Labor and Industrial Relations (DOLIR)** note:

Section 285.530 requires all businesses to use E-Verify. If they are found to be out of compliance, they will need to provide an affidavit to the department, necessitating a database for the department to maintain. The department will turn over to the Attorney General's Office those out of compliance. 285.545 requires the department to develop and maintain a registry of those qualified aliens that are eligible to work in Missouri. That section also requires investigations by the department in response to written complaints. Section 2 within that section also requires the department to enforce against an employer regarding unpaid wages. The department estimates that section 285.530 will require an additional Administrative Office Support Assistant (AOSA) and section 285.545 will require at least three additional Regulatory Auditors (investigators).

In further communication with the Oversight, officials from the **Department of Labor and Industrial Relations** stated the Division is requesting the third auditor due to the unknown but likely highly voluminous number of "qualified alien" workers for which documentation will need to be archived and coordinate with the Attorney General's Office on investigations. The youth employment duties were to be absorbed as a part of the third auditor FTE responsibilities.

Therefore, **Oversight** will reflect the DOLIR costs of 3 Regulatory Auditors (at 45,000/ each annually) and 1 Admin Support Assistant (36,847 annually) for the provisions related to Section(s) 285.530 and 285.545.

### DOLIR – ITSD

**DOLIR** noted per Department of Labor Standards, a database of all "Qualified Aliens" must be developed and maintained by DOLIR. By modeling the new application of similar ones already developed, or in development, the cost to create the database may be reduced.

**Oversight** notes the DOLIR-ITSD will require modification to its database in order to comply with the rules under the proposal. Therefore, Oversight will note DOLIR's estimate of \$24,456 (254.88 Hrs. x \$95 per Hour) in FY 2025, \$5,062 in FY 2026, and \$5,189 in FY 2027 cost, for implementation of changes in first year and an ongoing maintenance thereafter, to the general revenue fund.

Officials from the **Department of Corrections (DOC)** note:

This proposal modifies provisions relating to employment and creates new requirements relating to the verification of the immigration status of certain persons.

Section 285.535.8 is modified to include penalty provisions for knowingly employing an unauthorized alien to perform work within the state of Missouri. A second violation of 285.530 is a class D felony.

Section 285.535.9 is modified to include penalty provisions for knowingly employing an unauthorized alien to perform work within the state of Missouri when awarded a state contract or grant or receiving a state-administered tax credit, tax abatement, or loan from the state. A second violation of 285.530 is a class D felony.

The bill creates section 285.545, to be known as the “Immigrant Employment Registration and Taxation Protection Act.” In that section, it creates a class D felony offense for “any qualified immigrant worker or an individual seeking employment who fails to provide the employer-requested documentation that is required to verify work authorization status with the employer...within thirty days of the date of the request.”

The intent of the bill is to create three new class D felony offenses. For each new nonviolent class D felony, the department estimates three people could be sentenced to prison and five to probation. The average sentence for a nonviolent class D felony offense is 5 years, of which 2.8 years could be served in prison with 1.7 years to first release. The remaining 2.2 years could be on parole. Probation sentences could be 3 years.

The cumulative impact on the department is estimated to be 24 additional offenders in prison and 66 additional offenders on field supervision by FY 2029.

**Change in prison admissions and probation openings with legislation**

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	9	9	9	9	9	9	9	9	9	9
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	15	15	15	15	15	15	15	15	15	15
<b>Change (After Legislation - Current Law)</b>										
Admissions	9	9	9	9	9	9	9	9	9	9
Probations	15	15	15	15	15	15	15	15	15	15
<b>Cumulative Populations</b>										
Prison	9	18	24	24	24	24	24	24	24	24
Parole	0	0	3	12	21	21	21	21	21	21
Probation	15	30	45	45	45	45	45	45	45	45
<b>Impact</b>										
Prison Population	9	18	24	24	24	24	24	24	24	24
Field Population	15	30	48	57	66	66	66	66	66	66
<b>Population Change</b>	24	48	72	81	90	90	90	90	90	90

	# to prison	Cost per year	Total Costs for prison	Change in probation & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	9	(\$9,689)	(\$72,668)	0	\$0	15	(\$72,668)
Year 2	18	(\$9,689)	(\$177,890)	0	\$0	30	(\$177,890)
Year 3	24	(\$9,689)	(\$241,930)	0	\$0	48	(\$241,930)
Year 4	24	(\$9,689)	(\$246,769)	1	(\$92,771)	57	(\$339,540)
Year 5	24	(\$9,689)	(\$251,704)	1	(\$81,159)	66	(\$332,863)
Year 6	24	(\$9,689)	(\$256,739)	1	(\$81,970)	66	(\$338,709)
Year 7	24	(\$9,689)	(\$261,873)	1	(\$82,790)	66	(\$344,663)
Year 8	24	(\$9,689)	(\$267,111)	1	(\$83,618)	66	(\$350,729)
Year 9	24	(\$9,689)	(\$272,453)	1	(\$84,455)	66	(\$356,908)
Year 10	24	(\$9,689)	(\$277,902)	1	(\$85,299)	66	(\$363,201)

\* If this impact statement has changed from statements submitted in previous years, it could be due to an increase/decrease in the number of offenders, a change in the cost per day for institutional offenders, and/or an increase in staff salaries.

If the projected impact of legislation is less than 1,500 offenders added to or subtracted from the department's institutional caseload, the marginal cost of incarceration will be utilized. This cost of incarceration is \$26.545 per day or an annual cost of \$9,689 per offender and includes such costs as medical, food, and operational E&E. However, if the projected impact of legislation is 1,500 or more offenders added or removed to the department's institutional caseload, the full cost of incarceration will be used, which includes fixed costs. This cost is \$99.90 per day or an annual cost of \$36,464 per offender and includes personal services, all institutional E&E, medical and mental health, fringe, and miscellaneous expenses. None of these costs include construction to increase institutional capacity.

DOC's cost of probation or parole is determined by the number of P&P Officer II positions that are needed to cover its caseload. The DOC average district caseload across the state is 51 offender cases per officer. An increase/decrease of 51 cases would result in a cost/cost avoidance equal to the salary, fringe, and equipment and expenses of one P&P Officer II.

Increases/decreases smaller than 51 offender cases are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

**Oversight** notes that according to the latest data from [American Immigration Council](#) the immigrant share of Total Population is approximately 4% at any given time (or 245,087). As provided by the DOLIR currently there are 171,000 businesses covered by Missouri's unemployment insurance system.

**Oversight** notes the DOC projections of various violations of the proposal could be probable given the immigrant population and number of employers in the State. Therefore, Oversight will reflect a DOC impact in the fiscal note.

Officials from the **Attorney General's Office (AGO)** assumed this proposal will increase caseloads. AGO requests an additional fifteen (15) attorneys to manage the additional cases and an additional five (5) support staff are also requested to support the additional attorneys.

**Oversight** notes that Section 285.545 states an enforcement action is initiated through a signed, written complaint to the AGO by any state official, business entity or state resident. Additionally the AGO needs to inform and cooperate with DOR on various investigations.

**Oversight** notes that if this proposal resulted in an increased caseload representing 0.1% of the immigrant population, it would create 210 potential cases (245,087 immigrant population in Missouri \* .8550 = 209,549 working age immigrant population \* .001 = 210).

**Oversight** will reflect a fiscal impact of “up to” AGO’s high end (20 FTE) estimated impact in the fiscal note.

Officials from the **Office of the State Public Defender (SPD)** note:

Per the recently released National Public Defense Workload Study, the new charge contemplated by the change to Section 285.545 would take approximately thirty-five hours of SPD work for reasonably effective representation. If one hundred cases were filed under this section in a fiscal year, representation would result in a need for an additional one to two attorneys. Because the number of cases that will be filed under this statute is unknown, the exact additional number of attorneys necessary is unknown. Each case would also result in unknown increased costs in the need for core staff, travel, and litigation expenses.

**Oversight** notes, based on the potential caseload noted above, Oversight assumes the SPD may require additional staff. Therefore, Oversight will reflect a zero (number of cases does not rise beyond SPD current capacity) to Unknown (number of cases rises beyond SPD current capacity) impact in the fiscal note.

In response to the previous version of the bill officials from the **Department of Public Safety – Capital Police (DPS-Capitol Police)** and **Department of Mental Health** noted the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Department of Revenue (DOR)** note:

This proposal, 285.545. 11 (6), would authorize the Office of the Attorney General (AGO) to inform DOR if they find evidence of unpaid income tax, failure to file tax returns, tax evasion or other violations of Chapter 143. DOR notes that they are already able to receive information from the AGO, other state agencies or members of the general public who are reporting suspected tax fraud. DOR assumes this provision would not have any additional fiscal impact on DOR.

**Oversight** notes the officials from the DOR assume 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 DOR.

In response to the previous version of the bill, officials from the **Northwest Missouri State University** and the **University of Missouri System** both assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

In response to the previous version of the bill, officials from the **City of O'Fallon**, the **Phelps County Sheriff**, the **Kansas City Police Department**, the **Branson Police Department**, and the **Saint Louis County Police Department** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these local political organizations.

#### **House Amendment 1 - §191.265 – Noncompete Agreement for licensed physicians**

In response to the similar proposal, HB 2725 – 2024, officials from the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Social Services**, the **Office of Administration**, the **Northwest Missouri State University**, and the **University of Central Missouri** each assume 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 all above mention organizations.

Officials from the **Department of Revenue**, the **Department of Corrections**, the **Department of Labor and Industrial Relations** each assume the provision 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 provision.

#### **Overall Bill:**

Officials from the **Department of Public Safety – Highway Patrol (DPS-MHP)**, the **Office of Administration (OA)**, the **Office of Administration - Administrative Hearing Commission**

(AHC), the Department of Health and Senior Services, the Department of Social Services, the Department of Public Safety – Director’s Office (DPS-DO), the Office of the State Courts Administrator (OSCA) and the University of Central Missouri each assume 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 all aforementioned agencies.

Officials from Missouri Office of Prosecution Services (MOPS) state there is no measurable fiscal impact to OPS. The enactment of a new crime [285.535.8 and .9(2)] creates additional responsibilities for county prosecutors and the circuit attorney which may in turn result in additional costs which are difficult to determine.

Officials from the City of Kansas City, the St Louis County Police Department, and the Newton County Health Department both assume 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.

Officials from the Joint Committee on Administrative Rules assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the Office of the Secretary of State (SOS) note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2028)
<b>GENERAL REVENUE</b>				
Costs – AGO – Section(s) 285.530 and 285.545	Up to...	Up to...	Up to...	Up to...
Personnel Service	(\$1,062,500)	(\$1,300,500)	(\$1,326,510)	(\$1,353,040)
Fringe Benefits	(\$662,163)	(\$804,480)	(\$814,562)	(\$830,853)
Expense & Equipment	(\$257,660)	(\$196,819)	(\$200,756)	(\$204,771)
<b>Total Costs – AGO p.7</b>	<b>(\$1,982,323)</b>	<b>(\$2,301,799)</b>	<b>(\$2,341,828)</b>	<b>(\$2,388,664)</b>



<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2028)
FTE Change	Up to 20 FTE	Up to 20 FTE	Up to 20 FTE	Up to 20 FTE
<u>Costs – DOLIR – Section(s) 285.530 and 285.545</u>				
Personnel Service	(\$88,673)	(\$184,440)	(\$191,818)	(\$199,491)
Fringe Benefits	(\$64,345)	(\$131,343)	(\$134,103)	(\$136,919)
Expense & Equipment	(\$24,020)	(\$35,360)	(\$36,774)	(\$38,245)
<u>Total Costs – DOLIR p. 3</u>	(\$177,038)	(\$351,143)	(\$362,695)	(\$374,655)
FTE Change	4 FTE	4 FTE	4 FTE	4 FTE
<u>Costs – DOLIR ITSD modifications – p.3</u>	(\$24,456)	(\$5,062)	(\$5,189)	(\$5,293)
<u>Costs – Section 285.545 - SPD – potential FTE for reasonable representation p.6</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost – DOC - Section(s) 285.530 and 285.545) Increase in P&amp;P officers</u>				
Personal service	\$0	\$0	\$0	(\$46,757)
Fringe benefits	\$0	\$0	\$0	(\$33,598)
Equipment and expense	\$0	\$0	\$0	(\$12,416)
<u>Total cost – DOC p.4-6</u>	(\$0)	(\$0)	(\$0)	(\$92,771)
FTE Change – DOC	0 FTE	0 FTE	0 FTE	1 FTE
<u>Costs - Increased incarceration costs – (Section(s) 285.530 and 285.545) p.6</u>	(\$72,668)	(\$177,890)	(\$241,930)	(\$246,769)
<b><u>ESTIMATED NET EFFECT ON GENERAL REVENUE</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$2,256,485)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$2,835,894)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$2,951,642)</u></b>	<b><u>Could Exceed</u></b> <b><u>(\$3,108,152)</u></b>
Estimated Net FTE Change on General Revenue	Could Exceed 24 FTE	Could Exceed 24 FTE	Could Exceed 24 FTE	Could Exceed 25 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2028)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses would now be required to participate in verification of employment eligibility of every employee starting January 1, 2025.

FISCAL DESCRIPTION

This bill modifies provisions relating to employment and creates new requirements relating to the verification of the immigration status of certain persons.

The provisions relating to municipal sanctuary policies under Section 67.307, RSMo do not apply to qualified immigrant workers registered in the Missouri Department of Labor and Industrial Relations (DOLIR) database established by this bill (Section 67.307).

Currently, public employers must enroll and actively participate in a Federal work authorization program, this bill adds private employers and business entities. Beginning January 1, 2025, an employer or business entity is required to verify the employment eligibility of every employee who is hired after the employer or business entity enrolls in the program. If the private employer or business entity fails to comply, it must provide an affidavit as specified in the bill. If a general contractor or subcontractor of any tier knows its direct subcontractor has knowingly employed an unauthorized alien, such contractor or subcontractor must report to DOLIR. If the contractor or subcontractor fails to report to DOLIR, it will be subject to the same penalty for the violation as the direct subcontractor (Section 285.530).

Currently, upon a court's finding that a business entity has knowingly violated Subsection 1 of Section 285.530, the court must direct the applicable county or municipal governing body to suspend the entity's business license and other applicable licenses and exemptions for 14 days. The bill raises the length of the suspension to 120 days. A second or subsequent violation is a class D felony, as is a second or subsequent violation by a business entity awarded a State contract or receiving a State-administered tax credit, tax abatement, or loan from the State. (Section 285.535)

This bill establishes the "Immigrant Employment Registration and Taxation Protection Act". The bill defines, among other terms, "alien" and "unauthorized alien", and provides that a "qualified immigrant worker" is a person who:

(1) Is an alien, but not an unauthorized alien, legally authorized under Federal law to accept employment;

(2) Has obtained a valid work permit; and

(3) Is a new hire or employed in the state of Missouri. The Department is required to maintain a database or registry of qualified immigrant workers, and must provide employers with a mechanism to verify registration of any qualified immigrant worker. A qualified immigrant worker is required to sign an affidavit of understanding detailing the conditions under which the worker may be employed. Further, upon receiving documentation from a qualified immigrant worker, the employer is required to provide the documentation to DOLIR as specified in the bill, and DOLIR must provide written confirmation of the worker's registration. The Attorney General (AG) shall enforce the Act. An enforcement action is initiated through a signed, written complaint to the AG by any state official, business entity, or state resident. The bill details the course of action taken by the AG upon receipt of a valid complaint. The bill authorizes the AG to inform and cooperate with the Department of Revenue for investigation and enforcement of any additional criminal liabilities under Chapter

143. A qualified immigrant worker who fails to provide the employer-requested documentation required to verify work authorization status is guilty of a class D felony. Nothing in the section shall be construed to imply the state of Missouri is an advocate for a legal immigration status relating to a qualified immigrant worker or worker (Section 285.545).

Currently, any State or local agency administering one or more Federal public benefit programs is exempt from the requirements of subsections 1 and 3 of Section 650.475, which prohibit a government entity, or official from restricting a government entity or official from communicating or providing information with respect to the immigration status, lawful or unlawful, of any individual. A qualified immigrant worker registered in the DOLIR database is added to the exemption (Section 650.475).

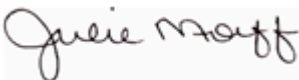
#### NONCOMPETE CLAUSES IN PHYSICIAN EMPLOYMENT CONTRACTS

This bill prohibits the enforcement of any noncompete clause of an employment contract between an employer and a physician that restricts the right of the physician to practice medicine in any geographic area for any period of time after the termination of an employment relationship between the employer and the physician (Section 191.265).

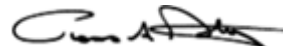
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office  
Department of Labor and Industrial Relations  
Office of Administration  
Department of Corrections  
Department of Revenue  
Department of Public Safety – Highway Patrol  
Office of Administration - Administrative Hearing Commission  
Department of Public Safety – Director's Office  
Office of the State Courts Administrator  
Missouri Office of Prosecution Services  
Office of the Secretary of State  
Department of Health and Senior Services  
Department of Mental Health  
Department of Social Services  
Joint Committee on Administrative Rules  
Northwest Missouri State University  
Missouri University System  
City of Kansas City  
Phelps County Sheriff  
Kansas City Police Department  
Saint Louis County Police Department  
City of O'Fallon  
City of Kansas City  
Newton County Health Department



Julie Morff  
Director  
April 18, 2024



Ross Strobe  
Assistant Director  
April 18, 2024