

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5211H.011
Bill No.: HB 2498
Subject: Employees - Employers; Labor and Management; Department of Labor and Industrial Relations; Workers Compensation; Employment Security
Type: Original
Date: April 3, 2022

Bill Summary: This proposal modifies provisions relating to worker classification.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- 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 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state this bill will preclude the Division of Employment Security from applying the common law of agency right to control test for determination of an employment relationship as provided in Section 288.034.5 RSMo. The classification of an independent contractor relationship in this bill could result in the exclusion of coverage under the Missouri UI law. However, if the IRS determines that an employer-employee relationship exists using the common law test, the company, as the employer, would be liable for the full FUTA tax of 6.0% without the benefit of any credit as no state contribution would have been paid with respect to the services. DOLIR assumes no impact from the proposal.

Officials from the **Office of Administration – Administrative Hearing Commission**, the **Department of Economic Development**, the **Department of Revenue**, the **Missouri Department of Conservation**, the **Department of Commerce and Insurance**, the **Department of Corrections**, and the **Missouri Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from **Missouri University System** and the **Saint Charles Community College** both assume 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.

Officials from the **University of Central Missouri** assume the proposal would have an indeterminate fiscal impact on their organization.

Oversight notes this proposal provides that, for purposes of provisions of law relating to workers' compensation, employment security, and the classification of workers for purposes of public works projects, any person who performs work for an employer and satisfies all of the criteria set out under this proposal shall be considered an independent contractor

Oversight notes the Department of Labor and Industrial Relations assumes this proposal will not adversely affect employee-employer relationships for either employees or employers throughout Missouri. Therefore, for purpose of this fiscal note, **Oversight** will note zero impact, for above University in the fiscal note.

Officials from the **City of Kansas City**, **City of Springfield**, **City of O'Fallon**, and the **City of Claycomo** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the above local political subdivisions 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.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses that have employees and/or hire independent contractors could be impacted by this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

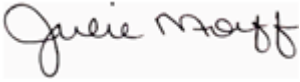
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

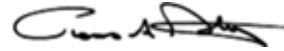
- Department of Labor and Industrial Relations
- Office of Administration – Administrative Hearing Commission
- Department of Economic Development
- Department of Revenue
- Missouri Department of Conservation
- Department of Commerce and Insurance
- Department of Corrections
- Missouri Department of Transportation
- Missouri University System
- University of Central Missouri
- Saint Charles Community College
- City of Kansas City

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City of Springfield
City of O'Fallon
City of Claycomo



Julie Morff
Director
April 3, 2022



Ross Strope
Assistant Director
April 3, 2022