



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0297: Establish requirement for paid sick days

Primary Sponsor: SJ Howell

Status: As Introduced

☐ Included in the Executive Budget

☒ Needs to be included in HB 2

☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts

☒ Technical Concerns

☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
State Special Revenue (02)	\$172,270	\$166,670	\$169,877	\$168,835
Revenues				
State Special Revenue (02)	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

HB 297 creates the Healthy Families and Workplaces Act. The act requires employers of a certain size to provide a paid sick leave policy for employees and to keep confidential records regarding paid sick leave requests. Retaliation by employers would be prohibited in response to paid sick leave requests. The Department of Labor and Industry (DLI) is responsible for enforcement of the bill requirements which would require staff and corresponding operating costs to investigate and ensure employer compliance with the act.

FISCAL ANALYSIS

Assumptions

1. HB 297 designates the Department of Labor and Industry (DLI) to enforce the Healthy Families and Workplaces Act. The agency assumes there will be an increase in Wage and Hour claims within the Employee Standards Division resulting from the new requirements of this bill.
2. DLI received and investigated approximately 800 wage claims in 2024. This bill establishes a new category of claim, to be classified as a wage claim, to include a new category of wages—sick leave benefits—to be tracked and monitored by employers. The bill additionally prohibits retaliation based on utilization of these benefits. The department estimates 1.00 FTE for a wage and hour investigator and 0.50 FTE for intake and data entry staff to process and investigate these claims. These estimates are based on a conservative estimate of likely new complaints to be filed as well as a comparison of retaliation claims filed in other programs.
3. The department estimates \$10,000 for rulemaking costs for this new program. The time will primarily take the form of legal staff drafting as well as Secretary of State fees for rules proposals and adoption.
4. Starting July 1, 2025, DLI will need to hire 1.00 FTE Investigator 1 and 0.50 FTE Compliance Specialist 1. An Investigator 1 annual salary and benefits would be \$87,127 in FY 2026 and FY 2027, \$88,723 in FY 2028, and \$88,144 in FY 2029. The cost for the Compliance Specialist 1 would be \$41,576 in FY 2026 and FY 2027, \$42,312 in FY 2028, and 42,087 in FY 2029. The total annual salary and benefits would be \$128,703 in FY 2026 and FY 2027, \$131,035 in FY 2028, and \$130,231 in FY 2029.

5. The department estimates operating costs such as telephones, copiers, scanners, utilities, minor equipment, supplies, technology costs, rent, and indirect costs will total \$43,567 in FY 2026, \$37,967 in FY 2027, \$38,842 in FY 2028, and \$38,604 in FY 2029. One-time-only operating expenditures include \$3,200 for office supplies and equipment and \$2,400 for computers are included in FY 2026.

Fiscal Analysis Table

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
FTE	1.50	1.50	1.50	1.50
TOTAL Fiscal Impact	1.50	1.50	1.50	1.50
<u>Expenditures</u>				
Personal Services	\$128,703	\$128,703	\$131,035	\$130,231
Operating Expenses	\$43,567	\$37,967	\$38,842	\$38,604
TOTAL Expenditures	\$172,270	\$166,670	\$169,877	\$168,835
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$172,270	\$166,670	\$169,877	\$168,835
TOTAL Funding of Expenditures	\$172,270	\$166,670	\$169,877	\$168,835
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	(\$172,270)	(\$166,670)	(\$169,877)	(\$168,835)

Technical Concerns

1. Section 11 requires enforcement of the act as a wage claim, "pursued in accordance with [sections 6 and 7]." Sections 6 and 7 of the act do not provide an enforcement means or mechanism on which to pursue enforcement of the bill. It is possible Sections 12 and 13 were intended to be referenced.
2. Section 13(3), second sentence, allows entry of a judgment "involving failure to pay the standard prevailing rate of wages...". Because the bill provides for investigation and enforcement of sick leave benefits, not prevailed wages, the purpose of the clause is not clear.
3. Section 11 requires enforcement of violations as a wage claim. Section 10 provides that retaliation, to include discharge from employment, is a violation of the Act. Section 11 would appear to conflict with the Wrongful Discharge from Employment Act, or to supersede the enforceability of the WDEA, based on the mandatory enforcement of the claim as a wage claim under this Act. It is additionally unclear the specific remedy available for a retaliatory discharge under this Act when treating the claim as a wage claim. This issue is not resolved by Section 14 because Section 14 specifically and solely exempts Section 5.

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date

1/29/25

Budget Director's Initials

1/28/2025

Date