

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4517H.02P
 Bill No.: Perfected HCS for HBs 1948, 2066, 1721 & 2276
 Subject: Property, Real and Personal
 Type: Original
 Date: March 14, 2024

Bill Summary: This proposal modifies practices and standards in regards to certain commercial practices.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$433,141) or (\$1,333,141)	(\$217,276)	(\$191,038)
Total Estimated Net Effect on General Revenue	(\$433,141) or (\$1,333,141)	(\$217,276)	(\$191,038)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 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 2025	FY 2026	FY 2027
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§407.300 – Sale of certain materials

Officials from the **Department of Corrections (DOC)** state section 407.300 is modified to include provisions related to keeping records for the sale of catalytic converters and it enhances the penalty for violations to include a class E felony.

Officials from the **Department of Revenue (DOR)** assume the following:

Administrative Impact

To implement the proposed changes, the DOR will be required to:

- Update procedures, correspondence letters, forms, and the DOR website;
- Update the Dealer and Business Operating Manual;
- Send communications to stakeholders as applicable; and
- Need additional FTE; however, it is unknown at this time. At the time of implementation, the department may pursue additional FTE through the appropriation process.
- Install a new phone number or options for these calls.
- Equipment for new FTE.

To implement the proposed legislation, DOR agrees they can absorb the phone calls with DOR's general line but will need two (2) additional FTE for processing any paper forms that come into the DOR. The current number of scrap metal operators, junk dealers and other collectors and sellers of secondhand property is unknown to the DOR; therefore, the number of businesses that fall into such category required to report is unknown.

FY2024 - Motor Vehicle Bureau additional FTE cost

Associate Customer Service Representative \$33,914
Equipment costs for laptops and accessories \$664 each
Additional monitors needed 2 @ \$95 each
Cubicle, chair, calculator \$8,438 each
Phone \$525 each
Headset \$125 each
\$43,856 x 2
Total = \$87,712

FY 2025 – Motor Vehicle Bureau

Lead Administrative Support Assistant 80 hrs. @ \$18.54 per hr. = \$ 1,483
Research/Data Analyst 60 hrs. @ \$27.00 per hr. = \$ 1,620
Administrative Manager 40 hrs. @ \$29.31 per hr. = \$ 1,172
Associate Research/Data Analyst 100 hrs. @ \$25.22 per hr. = \$ 2,522

FY 2026 – Systems Analysis and Support

Research/Data Analyst 249 hrs. @ \$27.00 per hr. = \$ 6,723
Administrative Manager 125 hrs. @ \$29.31 per hr. = \$ 3,664
Associate Research/Data Analyst 996 hrs. @ \$21.64 per hr. = \$ 21,553

FY 2027 – Strategy and Communications Office

Associate Research/Data Analyst 120 hrs. @ \$21.64 per hr. = \$2,597

Total Costs = \$129,046

The fiscal impact estimated above is based on changes in the current DOR's Motor Vehicle and Driver Licensing system environment. The implementation of this legislation will be coordinated with the integration of the DOR's Motor Vehicle and Driver Licensing software system approved and passed by the general assembly in 2020 (Senate Bill 176). To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

Fusion Impact

The costs associated with these legislative changes may be outside of the current contract and identified programming work for DOR's incoming integrated system. As such, the DOR has included the potential costs associated with making the changes to the integrated system by the DOR's current vendor.

To implement reporting mechanism within fusion for salvage dealers and dismantlers, rebuilders, body shops, and scrap processors to report purchases of copper, brass, or bronze; aluminum wire, cable, pipe, tubing, bar, ingot, rod, fitting, and fasteners; material containing copper or aluminum used for farming purposes; detached catalytic converter; motor vehicle, heavy equipment, or tractor batteries.

FAST estimates a \$900,000 change request to add this to the scope of Motor Vehicles rollout.

Additionally, DOR notes OA-ITSD services will be required at a cost of **\$278,964** in FY 2025 (2,656.80 hours x \$105 per hour).

In response to similar legislation from this year, HB 2066, DOR stated last year a minimal impact of \$3,246. However, DOR stated after further review by DOR's Motor Vehicle Bureau, additional impact has been considered. The Motor Vehicle and Driver Licensing system integration had not begun. Any fiscal note from now until DOR's system integration is completed will reflect an in-house system change costs, as well as a vendor cost for DOR's new system, unless the bill has a delayed implementation date that is tied to DOR's system integration implementation date. Therefore, DOR will have to make the changes right away in the current system environment, than make the changes into the new system as well. For this

reason, DOR is asking for delayed implementation dates for any bill that impacts driver licensing or motor vehicle to avoid cost duplicity. Anticipated completion date for the Driver Licensing System is November 2024, and Motor Vehicle systems should be updated by July of 2026.

Oversight notes the \$900,000 cost associated with these legislative changes may be outside of the current contract with DOR's current vendor, FAST. Therefore, Oversight will reflect a range of (\$408,918) (no change request required from FAST) to (\$1,308,918) (change request required) for FY 2025; (\$157,979) for FY 2026; and (\$130,555) for FY 2027.

Oversight notes that violations of section 407.300.5 currently result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. However, this proposal removes the fines that are currently imposed under statute. Therefore, Oversight will reflect a potential negative fiscal impact of \$0 to Unknown to local school districts.

§415.415 - Notice for Sale by an Operator of a Self-Service Storage Facility

In response to similar legislation from 2023, Perfected HB 1120, officials from the **City of Claycomo** and the **City of Springfield** 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 agencies.

§570.300 – Stealing

DOC states this section is modified to include the additional clause that an individual receiving, retaining, or disposing of a catalytic converter that they reasonably suspect has been stolen is considered a felony offense. The associated penalty is a class E felony.

§570.031 – Unlawful possession

DOC states this section added to create the offense of unlawful possession of a detached catalytic converter with the intent to sell. The associated penalty is a class E felony.

Responses regarding the proposed legislation as a whole

As these are new crimes, there is little direct data on which to base an estimate, and as such, the **DOC** estimates an impact comparable to the creation of three new class E felonies.

For each new nonviolent class E felony, the **DOC** estimates one person could be sentenced to prison and two to probation. The average sentence for a nonviolent class E felony offense is 3.4 years, of which 2.1 years will be served in prison with 1.4 years to first release. The remaining 1.3 years will be on parole. Probation sentences will be 3 years.

Combined Cumulative Estimated Impact

The combined cumulative estimated impact on the DOC is 6 additional offenders in prison and 21 additional offenders on field supervision by FY 2027.

Change in prison admissions and probation openings with legislation

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	3	3	3	3	3	3	3	3	3	3
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	6	6	6	6	6	6	6	6	6	6
Change (After Legislation - Current Law)										
Admissions	3	3	3	3	3	3	3	3	3	3
Probations	6	6	6	6	6	6	6	6	6	6
Cumulative Populations										
Prison	3	6	6	6	6	6	6	6	6	6
Parole	0	0	3	3	3	3	3	3	3	3
Probation	6	12	18	18	18	18	18	18	18	18
Impact										
Prison Population	3	6	6	6	6	6	6	6	6	6
Field Population	6	12	21	21	21	21	21	21	21	21
Population Change	9	18	27	27	27	27	27	27	27	27

	# 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	3	(\$9,689)	(\$24,223)	0	\$0	6	(\$24,223)
Year 2	6	(\$9,689)	(\$59,297)	0	\$0	12	(\$59,297)
Year 3	6	(\$9,689)	(\$60,483)	0	\$0	21	(\$60,483)
Year 4	6	(\$9,689)	(\$61,692)	0	\$0	21	(\$61,692)
Year 5	6	(\$9,689)	(\$62,926)	0	\$0	21	(\$62,926)
Year 6	6	(\$9,689)	(\$64,185)	0	\$0	21	(\$64,185)
Year 7	6	(\$9,689)	(\$65,468)	0	\$0	21	(\$65,468)
Year 8	6	(\$9,689)	(\$66,778)	0	\$0	21	(\$66,778)
Year 9	6	(\$9,689)	(\$68,113)	0	\$0	21	(\$68,113)
Year 10	6	(\$9,689)	(\$69,476)	0	\$0	21	(\$69,476)

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 does not have any information contrary to that provided by DOC. Therefore, Oversight will reflect DOC's impact for fiscal note purposes.

Officials from the **Office of the State Public Defender (SPD)** state per the recently released National Public Defense Workload Study, the new charge contemplated by the change to Sections 407.300 and 570.031 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 assumes this proposal will not create the number of new cases required to request additional FTE for the SPD and that the SPD can absorb the additional caseload required by this proposal with current staff and resources. Therefore, Oversight will reflect no fiscal impact to the SPD for fiscal note purposes. However, if multiple bills pass which require additional staffing and duties, the SPD may request funding through the appropriation process.

In response to similar legislation from this year, HB 2066, officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. However, the AGO may seek additional appropriations if there is a significant increase in litigation or investigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Branson Police Department** state there will be an increased impact on law enforcement for additional criminal cases, but in the long run, it should reduce the amount of crimes relating to the thefts.

Oversight assumes the impact to the Branson Police Department will be minimal and absorbable within current funding levels.

Officials from the **Department of Natural Resources**, the **Department of Public Safety - Missouri Highway Patrol**, the **Missouri Department of Agriculture**, the **Missouri Department of Transportation**, the **Office of Administration**, the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, the **Missouri Office of Prosecution Services**, the **Office of the State Courts Administrator**, the **City of Kansas City**, the **City of O'Fallon**, the **Phelps County Sheriff's Department**, the **Kansas City Police Department**, and the **St. Louis County Police Department** each 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 for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties and local law enforcement agencies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

House Amendment #1 - §407.313 –Solicitations to be Clearly Disclaimed

In response to similar legislation from this year, HB 2131, officials from the **Attorney General's Office** 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.

Oversight assumes this amendment specifies that it is unlawful for a person to solicit payment of money unless the solicitation meets certain requirements. Oversight assume no direct fiscal impact from this amendment.

House Amendment #2 - §578.100 – Sales on Sunday

Oversight assumes this amendment is clean up language in the bill and assumes no direct fiscal impact.

Responses regarding the proposed legislation as a whole, **as amended**

Officials from the **Department of Corrections (DOC)** state the amendments do not change their previous response in the HCS.

Officials from the **Department of Natural Resources**, the **Missouri Highway Patrol**, the **Missouri Department of Agriculture**, the **Missouri Department of Transportation**, the **Phelps County Sheriff's Department**, the **Joint Committee on Administrative Rules** and the **St. Louis County Police Department** each 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 for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Costs – DOC (§§407.300, 570.030, 570.031) Increased incarceration costs p.6</u>	(\$24,223)	(\$59,297)	(\$60,483)
<u>Costs – DOR (§407.300) p. 3-5</u>			
Personnel Service	(\$56,523)	(\$69,185)	(\$70,568)
Fringe Benefits	(\$46,940)	(\$56,854)	(\$57,390)
Expense and Equipment	(\$19,694)	\$0	\$0
Vendor Implementation (FAST)	\$0 or (\$900,000)	\$0	\$0
OA-ITSD Services	(\$278,964)	\$0	\$0
Administrative Costs	(\$6,797)	(\$31,940)	(\$2,597)
<u>Total Costs - DOR</u>	<u>(\$408,918) or</u> <u>(\$1,308,918)</u>	<u>(\$157,979)</u>	<u>(\$130,555)</u>
FTE Change – DOR	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$433,141) or</u> <u>(\$1,333,141)</u>	<u>(\$217,276)</u>	<u>(\$191,038)</u>
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss – Schools districts (§407.300.5)</u> Removal of specific fines from violations p.5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL IMPACT – Small Business

Small scrap businesses would be impacted by this proposal. §§407.300, 570.030 & 570.031

Small business storage facilities could see a direct fiscal impact from this proposal since it allows other reasonable methods of advertising to be used to sell defaulted property. §415.415

FISCAL DESCRIPTION

This bill modifies the requirements of notice for sale by an operator of a self-service storage facility for the sale of personal property of an occupant in default. In addition to advertising in the classified section of a newspaper prior to sale, the operator may also and instead advertise in any other commercially reasonable manner. The advertisement is commercially reasonable if at least three independent bidders attend the sale.

The bill requires a salvage license from the Department of Revenue pursuant to Sections 301.217 through 301.229, RSMo, to engage in the buying or selling of catalytic converters.

The bill requires scrap metal dealers and others regulated under Section 407.300 to require proof that the seller of a detached catalytic converter is a bona fide automobile repair shop or an affidavit that the converter was lawfully acquired. The make, model, year, and vehicle identification number of the vehicle from which the converter originated will be required and maintained for four years. Records will be submitted at least monthly to the Department of Revenue on a form provided by the Department in either a paper or electronic format as specified in the bill.

Currently, anyone who knowingly purchases a stolen catalytic converter in violation of this section shall be subject to penalties as provided in the section. This bill removes the requirement that the purchaser knows the catalytic converter is stolen and provides anyone convicted of

violating this section is guilty of a class E felony in addition to being subject to having any business license under Section 301.218 revoked.

The bill clarifies that minor parts of heating and cooling equipment and equipment used in the generation and transmission of electrical power or telecommunications, including any catalytic converter of such equipment, remains subject to the provisions of Section 407.300.

The bill adds that a person commits the offense of stealing under Section 570.030 if, for the purpose of depriving the owner of a lawful interest therein, he or she receives, retains, or disposes of a catalytic converter and knows it has been stolen, believes it has been stolen, or reasonably should have suspected that such property was stolen.

The bill establishes the offense of unlawful possession of a detached catalytic converter under Section 570.031. This offense is a class E felony. A person commits the offense of unlawful possession of a detached catalytic converter if the person possesses a catalytic converter with the intent to sell unless:

- (1) The catalytic converter is possessed in the course of legitimate business;
- (2) The catalytic converter is a component or constituent part of an item or equipment owned by the individual; or
- (3) The possession of the catalytic converter is for some other lawful purpose.

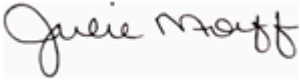
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

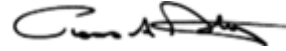
Attorney General's Office
Office of Administration
Joint Committee on Administrative Rules
City of Kansas City
City of O'Fallon
City of Claycomo
City of Springfield
Office of the Secretary of State
Office of the State Courts Administrator
Department of Corrections
Department of Natural Resources
Department of Public Safety - Missouri Highway Patrol
Department of Revenue
Missouri Department of Agriculture
Missouri Department of Transportation
Missouri Office of Prosecution Services

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Office of the State Public Defender
Phelps County Sheriff's Department
Branson Police Department
Kansas City Police Department
St. Louis County Police Department



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March 14, 2024



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March 14, 2024