

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5657H.01P
 Bill No.: Perfected HB 2780
 Subject: Commercial Code
 Type: Original
 Date: April 4, 2024

Bill Summary: This proposal modifies provisions that relate to commercial transactions.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-------------------|-------------------|-------------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| General Revenue | (\$24,223) | (\$59,297) | (\$60,483) |
| Total Estimated Net Effect on General Revenue | (\$24,223) | (\$59,297) | (\$60,483) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|-----------------------------|-----------------------------|-----------------------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| Division of Finance Fund (0550)** | (Unknown) to Unknown | (Unknown) to Unknown | (Unknown) to Unknown |
| Total Estimated Net Effect on <u>Other</u> State Funds | (Unknown) to Unknown | (Unknown) to Unknown | (Unknown) to Unknown |

Oversight assumes the Department of Commerce and Insurance – Division of Finance will charge and collect fees sufficient to cover their cost to administer the new Money Modernization Act of 2024 (HA1). Oversight assumes the net difference between fees and costs each year will **not reach the \$250,000 threshold.

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 |
| | | | |
| | | | |
| 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 2025 | FY 2026 | FY 2027 |
| | | | |
| | | | |
| Local Government | \$0 or Unknown | \$0 or Unknown | \$0 or Unknown |

FISCAL ANALYSIS

ASSUMPTION

Sections 34.700 - 432.275 – Digital Currency

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** assumed Section 34.700 would prohibit all public entities in Missouri from testing or accepting “central bank digital currency” (CBDC) as a form of payment. Section 400.1-201 excludes “central bank digital currency” from the definition of money.

B&P notes that CBDC is a digital currency that is a liability of the Federal Reserve. Currently, the United States has physical currency (i.e. cash) and electronic money (i.e. bank accounts / payment apps / online transactions). Electronic money is a liability of the commercial bank that holds the corresponding cash deposit. Whereas a CBDC would be liability of the Federal Reserve and there is no corresponding cash deposit.

B&P further notes that the U.S. Federal Reserve, and many other federal reserves across the world, are looking in to creating CBDCs for various reasons. However, this is no currently active CBDC.

Therefore, this provision will not currently impact public entities or state and local revenues. However, if a CBDC is developed in the future, the prohibitions contained within this provision could limit payment options for citizens in the future.

Officials from the **Department of Revenue (DOR)** state that their agency receives, processes and deposits the majority of all state revenue. DOR receives sales tax, individual income tax, corporate tax and various taxes and fees collected by state agencies that is then brought to DOR for deposit.

DOR currently accepts the following types of payments which are considered physical currency:

Coins created by the U.S. Mint including pennies, nickels, dimes and quarters.

- Dollar Bills printed by the Bureau of Engraving and Printing
- Personal/ Business Checks
- Money Orders
- Cashier’s Check
- Debit Cards
- Credit Cards
- Bank Transfers via electronic means

This proposal creates Section 34.700 which would prohibit any public entity from accepting payments using “central bank digital currency”. The Department of Revenue and all other state agencies would be subject to this prohibition as a public entity.

This proposal also adds the definition of “central bank digital currency” saying it includes a digital currency, a digital medium of exchange or a digital monetary unit of account issued by the United States Federal Reserve System.

Currently, the United States is using physical currency as its monetary system. It is a system that allows people to hold money in a physical form (such as dollar bills in your hand). A digital currency is a form of currency that would only exist in a digital or electronic form (such as cryptocurrency or bitcoin). It cannot be converted into a physical form.

The Federal Reserve is collecting comments on the possibility of creating a central bank digital currency system. One does **not** exist at this time. Under this proposal, should the Federal Reserve be allowed to create a central bank digital currency, the State of Missouri, its agencies (including DOR), and all its political subdivisions would be prohibited from accepting that currency as payment of any debt.

For informational purposes, in FY 2023, the State brought in \$13,234,562,879 in general revenue, \$1,204,232,139 in the School District Trust Fund, \$159,908,628 in the Conservation Commission Fund and \$127,826,635 for the DNR sales tax funds. At this time, since the digital currency does not exist, DOR assumes this will not have a fiscal impact to DOR, or state revenue.

Should digital currency be allowed to be used in the future, this could hamper the state’s ability to collect what is owed or inconvenience the taxpayers by limiting their payment options.

Officials from the **Office of the State Treasurer** state that if this proposal includes crypto currency and the state will have to accept this form of payment, then that could have a major fiscal impact. The extent of which is unknown.

In response to a previous version, officials from the **University of Missouri** stated that if the provisions relating to central bank digital currency would apply to the University, the impact if any is unknown.

Oversight assumes these issues are speculative, therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Department of Corrections** deferred to the Office of Administration for the potential fiscal impact of this proposal.

In response to a previous version, officials from **Missouri Veterans Commission** deferred to the Office of Administration for the potential fiscal impact of this proposal.

In response to a previous version, officials from the **Department of Health and Senior Services** deferred to the Department of Revenue for the potential fiscal impact of this proposal.

House Amendment 1
Sections 361.700 – 361.840 – Money Transmitter

Officials from the **Department of Commerce and Insurance (DCI) – Division of Finance (DOF)** assume the following:

DOF assumes these sections authorize the director of the Division of Finance to administer, interpret, and enforce Sections 361.800-361.840. It provides rulemaking authority for DOF and addresses confidentiality of information submitted by licensees and applicants. It further permits the commissioner to enforce sections and regulations pertaining to money transmitters, and outlines required submissions by applicants for a money transmitter license.

Revenue Estimate

Money transmitter companies are currently licensed under Sections 361.700-361.727. If passed these sections would be repealed and replaced by Sections 361.900-361.1035. For the purposes of this estimate, DOF assumes all of the 171 entities currently licensed under 361.700-361.727 would convert their license to that which is authorized by Sections 361.900-361.1035.

Section 361.921

This section allows DOF to charge each money transmitter licensed under these sections for costs associated with their annual examinations. DOF assumes the commissioner will set licensure and renewal fees at a level to sustain the program without charging for licensee examinations.

Section 361.936

An Initial Application Fee and a License Fee set by the commissioner is required with the submission of an application for license. The fee would be set based on the cost to sustain operation of the licensure program. Licenses would be effective on the date of issuance by DOF and would expire on December 31 of each year. Annual renewal fees would be set by the commissioner based on the total operating expenses of the program.

Section 361.951

A fee set by the commissioner is required to accompany a request to acquire control of a licensee along with an application for acquisition. DOF estimates that 10%, or 9 such transactions would take place each year. The fee would be set at an amount sufficient to sustain operation of the program based on estimated operating costs.

Section 361.1026

This section authorizes the director to assess civil penalties for violations of 361.900-361.1035.

Revenue Loss

Since all of those currently licensed under Sections 361.700-361.727 are assumed to transition to these new licenses, DOF expects a loss of revenue from renewals under 361.700-361.727. The fee for renewals is \$400 annually, resulting in a revenue loss of an estimated \$68,400.

Expense Estimate

Section 361.921.1(1)

DOF assumes this section authorizes examinations of licensees which would be conducted by a Senior Consumer Credit Examiner. Regular examinations would take place biennially, with half of the licensees examined each year. This would require an estimated 86 examinations be performed each year. It is estimated that a Senior Consumer Credit Examiner would spend an average of forty hours to complete an examination. Completed examinations would be submitted to the central office of the Division for compilation and formatting by an Administrative Office Support Assistant (AOSA). Examinations would be reviewed and approved by the Supervisor of Consumer Credit, estimated to take three hours for each examination.

Based on the average salaries of \$53.15 for a Senior Consumer Credit Examiner; \$19.91 per hour for an AOSA; and \$64.46 for the Supervisor of Consumer Credit. The personal service cost for each examination is estimated at \$2,339. Travel expenses are estimated at \$500 - \$2,500 per examination depending on the location of the licensee. For this estimate, the median of \$1,500 per exam was used.

Applications submitted pursuant to Section 361.936 would be reviewed by a Senior Consumer Credit Examiner, requiring an estimated 8 hours each; the Supervisor of Consumer Credit would spend an average of 1 hour reviewing recommendations of the Senior Consumer Credit Examiner regarding licensure approval or denial. It would take an average of 1 hour for the AOSA to process the approval or denial of each application.

Renewal of licenses for money transmitters would be completed on an annual basis, beginning January 1 after of the date of original issuance. Because the number of money transmitters has been fairly stable, it is estimated that ten would opt not to renew their licenses in FYs 2026 and 2027, but would be replaced by new licensees. Renewal requests would be reviewed by a Senior Consumer Credit Examiner, taking an average of 6 hours each. Review of the recommendation for approval or denial would be handled by the Supervisor of Consumer Credit taking approximately one hour. The AOSA would then process the renewal license or denial at one hour per license.

Those entities seeking to acquire control of a money transmitter license are required to submit an application for acquisition. DOF assumes approximately 10% of licenses would have an acquisition application filed each year. For these 9 applications, an average of eight hours would be required for review by a Senior Consumer Credit Examiner, one hour of review of the recommendation of approval or denial by the Supervisor of Consumer Credit, and one hour to process the approval or denial of the acquisition.

Sections 361.957 – 361.963

DOF assumes these sections require money transmitters to submit several reports to the Division including financial statements, reports of condition, and special events that affect the licensee. DOF estimates it would take a Senior Consumer Credit Examiner six hours to review each report and the Supervisor of Consumer Credit an average of one hour each to address any concerns identified by the Examiner.

Fringe Benefits are estimated at the standard rate. Supplies and expenses for employees assigned to this program are estimated at \$11,261 per FTE annually. Because the majority of Consumer Credit examination staff are telecommuters, rent and janitorial expenses would only be necessary for the AOSA and Supervisor positions.

DOF administrative support services, including general administration, training, human resources, accounting, budget, legal, and information technology services are covered in a 15% administrative overhead rate. This includes promulgation of rules and development of forms and websites to support these sections.

Cost Savings

Since those currently licensed under Sections 361.700-361.727 would transition to these new licenses, DOF expects that 171 renewals will not be processed, saving an estimated \$68,400.

DOF assumes that this workload would be picked up by existing staff since repealed Sections 361.700-361.727 would eliminate some existing workload.

Because the commissioner determines the fees associated with licensures and renewals under 361.900-361.1035, DOF assumes the fees would be set at a level sufficient to sustain the operations of the program. Therefore, the net effect on the Division of Finance Fund (0550) would be \$0.

Listed below is a summary revenue and expenses expected by DCI-DOF as a result of this proposal.

| | FY 2025 | FY 2026 | FY 2027 |
|----------------------------------|----------------|----------------|----------------|
| Revenue – Money Transmitter Fees | \$680,533 | \$694,144 | \$708,028 |
| Cost Avoidance | \$68,400 | \$68,400 | \$68,400 |
| FTE Expense | (\$680,533) | (\$694,144) | (\$708,028) |
| Licensing Fees Loss | (\$68,400) | (\$68,400) | (\$68,400) |
| Total | \$0 | \$0 | \$0 |

Oversight notes the cost related to the FTE expense provided by DOF is for existing staff and not additional FTE. Oversight assumes DOF will have some additional expense related to the proposal, however, Oversight also assumes DOF will set the associated fees of the newly created

license sufficient enough to sustain the program without any additional cost or loss to the department. Oversight will reflect an unknown revenue and an unknown cost to the Division of Finance Fund (0550), roughly netting to zero.

DOF assumes all of the 171 entities currently licensed under 361.700-361.727 would convert their license to that which is authorized

Oversight assumes Therefore, Oversight will reflect the fiscal estimate to the Division of Finance Fund (0550) as a net revenue of Unknown.

Officials from the **Department of Corrections (DOC)** assume this proposal creates new provisions relating to money transmission.

Section 361.981 requires an authorized delegate who holds money in trust for the benefit of a licensee to remit certain amounts of money. Depending on the amount, the failure to remit this money could result in a class A misdemeanor or a class E felony.

Section 361.1023 creates two new class E felonies, one for intentional misrepresentation and one for knowingly engaging in certain activities without a license, and one new class A misdemeanor.

As misdemeanors fall outside the purview of the Department of Corrections, DOC will not be analyzing their projected impact. Thus, as it relates to DOC, the intent of the bill is to create three new class E felony offenses.

For each new nonviolent class E felony, the department 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.

The combined cumulative estimated impact on the department 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 |

* 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.

A summary of DOC cost is provided in the table below:

| | # to prison | Cost per year | Total Costs for prison | # to probation & parole | Cost per year | Total cost for probation and parole | Grand Total - Prison and Probation (includes 2% inflation) |
|---------|----------------|------------------|----------------------------------|-------------------------------|------------------|--|--|
| Year 1 | 3 | (\$9,499) | (\$24,223) | 0 | absorbed | \$0 | (\$24,223) |
| Year 2 | 6 | (\$9,499) | (\$59,297) | 0 | absorbed | \$0 | (\$59,297) |
| Year 3 | 6 | (\$9,499) | (\$60,483) | 0 | absorbed | \$0 | (\$60,483) |
| Year 4 | 6 | (\$9,499) | (\$61,692) | 0 | absorbed | \$0 | (\$61,692) |
| Year 5 | 6 | (\$9,499) | (\$62,926) | 0 | absorbed | \$0 | (\$62,926) |
| Year 6 | 6 | (\$9,499) | (\$64,185) | 0 | absorbed | \$0 | (\$64,185) |
| Year 7 | 6 | (\$9,499) | (\$65,468) | 0 | absorbed | \$0 | (\$65,468) |
| Year 8 | 6 | (\$9,499) | (\$66,778) | 0 | absorbed | \$0 | (\$66,778) |
| Year 9 | 6 | (\$9,499) | (\$68,113) | 0 | absorbed | \$0 | (\$68,113) |
| Year 10 | 6 | (\$9,499) | (\$69,476) | 0 | absorbed | \$0 | (\$69,476) |

Oversight does not have any information to the contrary. Therefore, Oversight will reflect estimate provided by DOC to the General Revenue Fund for FY 2025, FY 2026 and FY 2027.

In response to a similar proposal from this year (HB 1478), from the **Office of the State Public Defender (SPD)** stated per the recently released National Public Defense Workload Study, the new charge contemplated by this changes to Sections 361.939, 361.984, and 361.1023 would take approximately twenty-two 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 attorney. 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 create a minimal number of new cases 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 a similar proposal from this year (SB 737), officials from the **Office of the State Courts Administrator (OSCA)** assumed there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to a similar proposal from this year (HB 1478), officials from the **Office of Budget & Planning** stated this proposal creates new class E felonies and class A misdemeanors. To the

extent that any related fines are deposited into the state treasury, this proposal could increase total state revenue by an unknown amount.

DOF has previously assumed that all of the entities currently licensed would convert their license to that which is authorized under the new sections. Because the commissioner determines the fees associated with licensures and renewals under this legislation, DOF has previously assumed the fees would be set at a level sufficient to sustain the operations of the program and furthermore assumed the net effect on the fund balance would be \$0. B&P notes that TSR may be impacted if fees and revenues are set at a level where the net impact on the fund is not \$0.

In response to a similar proposal from this year (HB 1478), officials from the **Missouri Sheriffs' Retirement System** stated that this legislation may have a negative impact if this legislation passes. The Retirement System hires investment managers to invest its assets based on the investment policy. Setting constraints on investment guidelines has a potential of limiting investment earnings used to finance the retirement system. At the time the negative impact is unknown.

Oversight assumes because the potential of limiting investment earnings is speculative that the Missouri Sheriffs' Retirement System will not incur significant cost related to this proposal. Therefore, Oversight will reflect a zero impact in the fiscal note.

House Amendment 2

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

In response to a similar proposal from this year (HB 1948), officials from the **Attorney General's Office**, the **Office of Administration**, the **Joint Committee on Administrative Rules** and the **City of Kansas City** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to similar legislation from 2023, Perfected HB 1120, officials from the **Office of the State Courts Administrator**, 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and counties 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 3

§379.1640 – Self Storage Insurance Producers

Officials from the **Department of Commerce and Insurance** assume this section of the proposal will have no fiscal impact on their organization.

Bill as a whole:

Officials from the **Department of Higher Education and Workforce Development**, the **Department of Public Safety - Division of Alcohol and Tobacco Control, Fire Safety, Missouri Highway Patrol, State Emergency Management Agency** the **Department of Social Services**, the **Missouri Department of Agriculture**, the **Missouri Department of Transportation**, the **Missouri House of Representatives**, the **Legislative Research**, the **Oversight Division**, the **Missouri Lottery Commission**, the **Missouri Office of Prosecution Services**, the **Department of Elementary and Secondary Education** and **Kansas City** 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.

In response to previous versions, officials from the **Office of Administration - Administrative Hearing Commission**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Missouri Senate**, the **Missouri Consolidated Health Care Plan**, the **Missouri Office of Prosecution Services**, the **Metropolitan St. Louis Sewer District**, the **South River Drainage District**, the **County Employees Retirement Fund**, the **Kansas City Civilian Police Employees' Retirement**, the **Kansas City Public School Retirement System**, the **Metro St. Louis District Employees Pension Plan**, the **Pulaski County Sewer District #1**, and the **Public Education Employees' Retirement System**, the **Department of Economic Development**, **Office of the Governor**, the **Department of Labor and Industrial Relations**, and the **State Tax Commission** 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.

Officials from the **Joint Committee on Administrative Rules** do not anticipate this proposal 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 |
|--|--|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Cost</u> – DOC – HA 1 Incarceration Cost §§361.800 – 361.840 | <u>(\$24,223)</u> | <u>(\$59,297)</u> | <u>(\$60,483)</u> |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | <u>(\$24,223)</u> | <u>(\$59,297)</u> | <u>(\$60,483)</u> |
| | | | |
| DIVISION OF FINANCE FUND (0550) | | | |
| <u>Revenue</u> – DOF - Application, Licensing & Acquisitions from Money Transmission Modernization Act of 2024 - HA 1 §§361.800 – 361.840 | Unknown | Unknown | Unknown |
| <u>Cost</u> – DOF - FTE additional workload and additional costs implementing the Money Transmission Modernization Act of 2024 - HA 1- §§361.800 – 361.840 | (Unknown) | (Unknown) | (Unknown) |
| <u>Savings</u> – DOF repeal of Sections 361.700-361.727 – administrative costs HA 1- §§361.800 – 361.840 | \$68,400 | \$68,400 | \$68,400 |
| <u>Loss</u> – DOF of licensing fees from repeal of Sections 361.700-361.727 - HA 1- §§361.800 – 361.840 | <u>(\$68,400)</u> | <u>(\$68,400)</u> | <u>(\$68,400)</u> |
| ESTIMATED NET EFFECT TO THE DIVISION OF FINANCE FUND | (Unknown) to <u>Unknown</u> | (Unknown) to <u>Unknown</u> | (Unknown) to <u>Unknown</u> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2025 (10 Mo.) | FY 2026 | FY 2027 |
|---|------------------------------|------------------------------|------------------------------|
| | | | |
| SCHOOL DISTRICTS | | | |
| | | | |
| <u>Potential Fine Revenue – to school districts - \$427.300.6</u> | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> |
| | | | |
| ESTIMATED NET EFFECT TO SCHOOL DISTRICTS | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> |

FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses that act as a money transmitter would be expected as a result of this proposal. Also, certain small insurance companies could be impacted by this proposal.

FISCAL DESCRIPTION

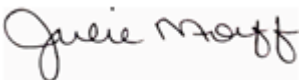
This proposal modifies provisions that relate to commercial transactions.

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

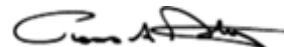
SOURCES OF INFORMATION

- Department of Commerce and Insurance
- Department of Economic Development
- Department of Elementary and Secondary Education
- Department of Higher Education and Workforce Development
- Department of Health and Senior Services
- Department of Mental Health
- Department of Natural Resources
- Department of Corrections
- Department of Revenue
- Department of Public Safety
 - Office of the Director
 - Division of Alcohol and Tobacco Control
 - Capitol Police
 - Fire Safety
 - Missouri Gaming Commission
 - Missouri Highway Patrol

Missouri National Guard
State Emergency Management Agency
Department of Social Services
Office of the Governor
Joint Committee on Public Employee Retirement
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research
Oversight Division
Local Government Employees Retirement System
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Missouri Department of Transportation
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Missouri Office of Prosecution Services
Office of Administration
 Administrative Hearing Commission
 Budget and Planning
Facilities Management, Design and Construction
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
Kansas City



Julie Morff
Director
April 4, 2024



Ross Strobe
Assistant Director
April 4, 2024