

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3810H.10C
 Bill No.: HCS No. 2 for SS for SCS for SB 835
 Subject: Banks and Financial Institutions; Business and Commerce; Economic
 Development
 Type: Original
 Date: May 8, 2024

Bill Summary: This proposal modifies provisions relating to financial transactions.

FISCAL SUMMARY

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

*Oversight assumes the fiscal impact could exceed the \$250,000 threshold in FY 2026 and FY 2027.

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 Other State Funds	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown

**Oversight assumes the fiscal impact would 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	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§30.267 Task Force on Gold and Silver

In response to a similar proposal from this year (HCS/HB Nos. 1955& 2257), officials from **Office of Administration - Budget and Planning (B&P)** stated this provision would create a task force to determine whether the state could issue gold and silver coins and whether the state could accept gold and silver coins for payments. The task force would begin July 1, 2025, with a final report due by June 30, 2026.

Officials from **Department of Revenue (DOR)** state this proposal creates a task force to study the practicality of issuing gold and silver coinage as specie. The task force is made up of various members including the Director of Revenue. The task force is to have a report done by June 30, 2026. This will not fiscally impact DOR.

Officials from the **Missouri State Senate (SEN)** anticipate a negative fiscal impact to reimburse 2 Senators for travel to Task Force on Gold and Silver committee meetings. In summary, it will cost approximately \$335 per meeting. The SEN assumes no fiscal responsibility for the other committee members.

Oversight assumes the new task force will not create a material fiscal impact to the state.

In response to a previous version, officials from the **Department of Commerce and Insurance (DCI)** assumed the costs of this section of the bill can be absorbed within the DCI's current appropriations. However, should the cost be more than anticipated, the department would request an increase to DCI's FTE and/or appropriations as appropriate through the budget process.

§67.2800 – 67.2840 - PACE assessment changes

Oversight assumes this section states a clean energy development board shall be a political subdivision of the state and modifies the powers of such boards. Oversight will reflect a \$0 to Unknown cost to local political subdivisions for these possible expanded powers of the board.

Officials from the **Department of Commerce and Insurance** assume this section of the bill 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.

§143.121.11 – Taxability of Gain on Interest of Municipal Bonds:

In response to a similar proposal from this year (HCS/HB Nos. 1955 & 2257), officials from the **B&P** stated beginning with tax year 2025, this provision would allow for a subtraction of municipal bond interest from a taxpayer’s federal adjusted gross income (FAGI). Such subtraction will only be allowed if the state where the bonds were issued does not subject their residents to a tax on the interest paid on bonds issued by a Missouri municipality.

B&P notes that most municipal bonds are tax exempt at the federal level. However, municipal bonds not used for a “public good” are taxable at the federal level. B&P further notes that the majority of such taxable bonds are used to fund shortfalls in state or local pension funds. Income from these bonds is included in a taxpayer’s FAGI.

Interest earned on bonds issues by a municipality outside of Missouri is subject to Missouri income tax. Section 143.121.2(2) requires taxpayers to add such income to their FAGI in order to determine their Missouri adjusted gross income (MAGI). This proposal would then allow taxpayers to subtract off that addition if the originating state does not tax the interest on municipal bonds issued in Missouri. B&P notes that interest earned on bonds issued in states that continue to tax Missouri municipal bond interest would remain taxable under this proposal.

This proposal would still require taxpayers to add qualifying interest income to their FAGI under Section 143.121.2(2) and then they would turn around and subtraction the same income from their FAGI under this Section 143.121.11.

The following table shows when the interest on bonds is and would be taxable:

Bond Location	Tax MO Bonds	Bond use	Federally Taxable	Current		Proposed	
				MO Taxable	Statute	MO Taxable	Change
Missouri	N/A	Public	No	No	N/A	No	N/A
Missouri	N/A	Private	Yes	Yes	IRC Section 103(b)	No	N/A
Other	No	Public	No	Yes	Addition - Section 143.121.2(2)	No	Subtraction - Section 143.121.11
Other	Yes	Public	No	Yes	Addition - Section 143.121.2(2)	Yes	N/A
Other	No	Private	Yes	Yes	IRC Section 103(b)	No	Subtraction - Section 143.121.11
Other	Yes	Private	Yes	Yes	IRC Section 103(b)	Yes	N/A

B&P notes that this proposal would grant a subtraction for both federally exempt and federally taxable bonds, if issued in a state that does not tax MO bond interest. However, the interest earned on federally taxable bonds issued within Missouri would continue to be subject to Missouri income tax.

B&P is unable to determine the amount of interest that would no longer be taxable under this provision. Therefore, this provision may reduce TSR and GR by an unknown, could be significant, amount beginning FY26 (for tax year 2025).

Officials from the **Department of Revenue (DOR)** state this section of the proposal requires that a taxpayer be allowed to subtract 100% of any gain in interest derived from municipal bonds from their Federal Adjusted Gross Income (FAGI) when calculating their Missouri Adjusted Gross Income (MAGI) thus lowering their taxable income. This proposal only allows this subtraction under certain circumstances.

A municipal bond is a debt security used to fund capital expenditures for counties, cities or the state. A municipal bond is commonly tax free at the federal level if they are used to finance projects for the public benefit. Since they are tax free at the federal level, they would not be in a taxpayer's FAGI and therefore, this will not have a fiscal impact.

However, if a municipal bond is used to benefit private industry, then the municipal bonds are taxable at the federal level. DOR assumes that this proposal is attempting to make the interest on taxable municipal bonds tax exempt in Missouri.

Taxpayers report the sources of the interest on their federal tax returns and only their FAGI number is reported on the Missouri tax return. Therefore, DOR is unable to determine how much actual interest from taxable municipal bonds is earned in Missouri.

Additionally, this would only allow this subtraction if Missouri met certain conditions. Those conditions include having a reciprocal agreement with other states or those states having no tax on income. At this time, it is unclear if this provision would be enacted per these conditions.

This could result in a \$0 to Unknown over \$250,000 impact to the state. This will require DOR modify the MO-1040 and the computer systems at a cost of \$8,923.

Repeal of Sections 361.700- 361.727 and enactment of Sections 361.900– 361.1035 – 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

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

Officials from the **Department of Revenue** defer to the Department of Commerce and Insurance for the potential fiscal impact of this proposal.

§§362.1010 - 362.1117- Missouri Family Trust Company Act

Officials from the **Department of Commerce and Insurance (DCI)** assume this bill transfers oversight of Family Trusts and Foreign Family Trusts from the Missouri Secretary of State's Office to the DCI's Division of Finance (DOF).

Sections 362.1010-362.1117 assign oversight of Family Trust and Foreign Family Trusts to the Director or Designee of DOF. This would include registration of new trusts and annual renewal of existing trusts. According to the Secretary of State, there are currently three active Trusts in Missouri. Since those trusts will not be required to submit an initial application, DOF assumes that only an annual registration report accompanied by a \$1,000 filing fee would be collected from each of these trusts, resulting in an income of \$3,000 annually. This funding would be used to provide oversight of Family and Foreign Family Trusts in Missouri. DOF does not anticipate any new trusts filings. The net fiscal impact for this section would be \$0.

The Director of DOF or Designee may perform examinations and investigate allegations of violations of these sections and may charge the trust company for salary and expenses of the examiner or investigator. Since the amount charged would be limited to actual expenses, this

section's fiscal impact would net to \$0.

The Director may impose penalties and late fees and suspend registrations of a trust for failure to submit a timely registration report. Reinstatement of a trust would occur by submission of the annual registration report, a late fee, and any penalty imposed by the Director. DOF does not anticipate any reports will be submitted late, resulting in fiscal impact for this section as \$0.

The Director shall issue a fee schedule based on the time and resources required to issue certified copies of documents as prescribed in Section 362.110. The section's fiscal impact would net to \$0.

All fees and penalties would be deposited to the Family Trust Company Fund (0810) and expenses relating to oversight of these companies would be paid from this fund via a transfer to the Division of Finance Fund (0550). Therefore, DOF assumes the net impact of this proposal is \$0.

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

Oversight assumes the Office of the Secretary of State could have a potential minor savings from the transfer of oversight to Department of Commerce and Insurance but would also experience a loss from the transfer of 3 trusts. Oversight assumes the fiscal impact would ultimately net to \$0 or be immaterial and therefore will not reflect a fiscal impact on the fiscal note.

Section 427.300 - Commercial Financing Disclosures

Officials from the **Department of Commerce and Insurance - Division of Finance (DOF)** state there are very few companies that provide the types of commercial financing products described in this section, though DOF does not have an exact number. When California passed something similar, they had two companies, DOF assumes Missouri will have less than five. The initial registration would be set at \$100 each, so up to \$500 total revenue in the first year. If all of the companies renewed annually, at \$50 each, subsequent years' revenue would be \$250. The registration process is not work intensive and would cost about \$36.53 to process (½ hour for an AOSA @\$19.91/hour + ½ hour for an Examiner @ \$53.15/hour = \$36.53). For five registrations, each year would cost \$182.61. Since there is no review or enforcement authority granted in the language, that is the extent of the fiscal impact.

Revenue FY 25 - \$0-\$500 FY 26 - \$0-\$250 FY 27 - \$0-250
Expense FY 25 - (\$183-\$0) FY 26 - (\$186-\$0) FY 27 (\$190-\$0)
Net Effect FY 25 - \$0-\$317 FY 26 - \$0-\$64 FY 27 \$0-\$60

Oversight assumes this proposal will result in a non-material amount of registration revenue and administrative expense, therefore, Oversight will reflect a zero impact in the fiscal note for DOF.

Oversight also notes §427.300.6 requires that any person who violates this section shall be punished by a fine of \$500 per incident, not to exceed \$20,000 for all aggregated violations. Any person who violates this section after receiving written notice of prior violation from the AGO shall be punished by a fine of \$1,000 per incident, not to exceed \$50,000 for all aggregated violations. Oversight will assume any potential fine revenue generated from this subsection will be distributed to local school districts instead of being credited to the state's Merchandising Practices Revolving Fund. For simplicity, Oversight will reflect a \$0 or Unknown amount of fine revenue received by school districts. Oversight notes these amount may act as a deduction in the following year school funding formula; however, Oversight will simply reflect a possible positive impact to schools from the fine revenue.

Bill as a whole:

Officials from the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety – Capitol Police**, **Fire Safety**, **Missouri Highway Patrol**, **State Emergency Management Agency**, the **Missouri Department of Conservation**, the **Missouri National Guard**, the **MoDOT & Patrol Employees' Retirement System**, the **Missouri House of Representatives**, the **Joint Committee on Administrative Rules**, the **Legislative Research**, the **Oversight Division**, the **Missouri Lottery Commission**, the **Missouri Consolidated Health Care Plan**, the **Missouri State Employee's Retirement System**, the **State Tax Commission**, the **Missouri Department of Agriculture**, the **Office of the Governor** and the **Office of the State Auditor** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Office of Administration - Administrative Hearing Commission**, the **Division of Alcohol and Tobacco Control**, the **Directors Office**, the **Missouri Gaming Commission**, the **Missouri Veterans Commission**, the **Department of Social Services**, the **Missouri Ethics Commission**, the **Missouri Department of Transportation**, the **Office of the State Public Defender**, the **Office of the State Treasurer**, and the **University of Missouri** 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.

Officials from the **Department of Health and Senior Services** defer to the Office of Administration and the Department of Revenue for the potential fiscal impact of this proposal.

Rule Promulgation

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
GENERAL REVENUE			
<u>Cost – DOC - Incarceration Cost</u> §§361.900-631.1035 p. 8-10	(\$24,223)	(\$59,297)	(\$60,483)
<u>Loss – DOR §143.121.11 – subtraction</u> <u>of interest on municipal bonds p.4-5</u>	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(\$24,223)</u>	<u>(Could exceed \$59,297)</u>	<u>(Could exceed \$60,483)</u>
DIVISION OF FINANCE FUND (0550)			
<u>Revenue – DOF - Application,</u> <u>Licensing & Acquisitions from Money</u> <u>Trans. Modernization Act of 2024</u> §§361.900– 361.1035_p.5-8	Unknown	Unknown	Unknown
<u>Cost – DOF - FTE additional workload</u> <u>and additional costs implementing the</u> <u>Money Transmission Modernization Act</u> <u>of 2024 §§361.900– 361.1035_p.5-8</u>	(Unknown)	(Unknown)	(Unknown)
<u>Savings – DOF repeal of Sections</u> §§361.700-361.727 – administrative costs p.5-8	\$68,400	\$68,400	\$68,400

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<u>Loss – DOF of licensing fees from repeal of Sections §§361.700-361.727 p.5-8</u>	<u>(\$68,400)</u>	<u>(\$68,400)</u>	<u>(\$68,400)</u>
ESTIMATED NET EFFECT TO THE DIVISION OF FINANCE FUND	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost – Municipalities PACE changes §67.2810 p.3</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
<u>Potential Fine Revenue – to school districts – §427.300.6 p.12-13</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT – Small Business

Certain small financial businesses could be impacted by this proposal.

FISCAL DESCRIPTION

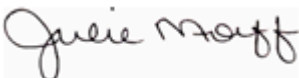
This proposal modifies provisions related to financial transactions.

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 Mental Health

Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
Department of Social Services
Office of the Governor
Joint Committee on Public Employee Retirement
Joint Committee on Administrative Rules
Legislative Research
Oversight Division
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Office of the Lieutenant Governor
Missouri Department of Transportation
Missouri Office of Prosecution Services
Office of Administration - Budget and Planning
Facilities Management, Design and Construction
Office of the State Courts Administrator
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
Kansas City
O'Fallon



Julie Morff
Director
May 8, 2024



Ross Strope
Assistant Director
May 8, 2024