

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4844-09
Bill No.: HCS for SS for SB 1058
Subject: Motor Vehicles; Insurance Dept.
Type: Original
Date: May 8, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	Unknown less than \$1,376,941	Unknown less than \$982,043	Unknown less than \$549,267
Total Estimated Net Effect on General Revenue Fund	Unknown less than \$1,376,941	Unknown less than \$982,043	Unknown less than \$549,267

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Basic Civil Legal Services	Up to \$1,415,608	Up to \$1,698,729	Up to \$1,698,729
Insurance Dedicated	(\$60,447)	(\$130,077)	(\$134,145)
Technology	\$100,500	\$77,500	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$1,455,661	Up to \$1,646,152	Up to \$1,564,584

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 17 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Federal**	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds**	\$0	\$0	\$0

** Income and expenses net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$251,617	\$301,940	\$301,940

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (COA) - Administrative Hearing Commission, Department of Economic Development, Department of Mental Health, Department of Natural Resources, Missouri Department of Transportation, Department of Public Safety (DPS) - Missouri State Highway Patrol, Missouri Department of Conservation, Missouri House of Representatives, Missouri Senate, and Office of State Treasurer** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Corrections (DOC)** state the DOC cannot predict the number of new commitments which may result from the creation of the offenses(s) outlined in this proposal. An increase in commitment depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through either incarceration (FY 05 average of \$39.13 per inmate per day or an annual cost of \$14,282 per inmate) or through supervision provided by the Board of Probation and Parole (FY 03 average of \$3.15 per offender, per day or an annual cost of \$1,150 per offender per year).

ASSUMPTION (continued)

The DOC assumes the narrow scope of the crime will not encompass a large number of offenders. Supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **DPS - Director's Office** assume they would incur costs for attendance at commission meetings of non-state government representatives. DPS assumes the cost would be approximately \$1,700 per fiscal year.

Officials from the **COA - Division of Risk Management/General Services (RM/GS)** state the proposed legislation has the potential for costs to the state legal expense fund that cannot be determined at this time.

The COA-RM/GS has no historical data available on these medical providers by which to project the potential costs this proposal will have on the state. The COA-RM/GS has no claims history on these providers nor can the number of future claims be estimated. The Department of Health and Senior Services (DOH), Division of Community and Public Health has confirmed they do not capture data on the number of volunteer medical providers. The DOH indicated there are many health providers volunteering their time and that it is an informal system. It was suggested that many physicians do the volunteer work quietly at no charge as opposed to accepting Medicare due to the paperwork involved. Contact was also made with the Missouri State Medical Association, who also confirmed that they collect no data on volunteers.

The state self-assumes its own liability protection under the state legal expense fund, Section 105.711, RSMo. It is a self-funding mechanism whereby funds are made available for the payment of any claim or judgment rendered against the state in regard to the waivers of sovereign immunity or against employees and specified individuals. Investigation, defense, negotiation or settlement of such claims is provided by the Office of Attorney General. Payment is made by the Commissioner of Administration with the approval of the General Assembly. The proposed legislation has the potential for costs to the state.

Officials from the **Office of Attorney General (AGO)** assume there may be some costs associated with additional medical professionals covered under the provisions of Section 105.711 (Legal Expense Fund). The AGO assumes that additional costs would not exceed \$100,000.

Officials from the **Department of Health and Senior Services (DOH)** state the DOH tracks and prepares contracts for each health care provider covered under the Legal Expense Fund. The

number of podiatrists, chiropractors, dentists, physicians, nurses, therapists, optometrists,
ASSUMPTION (continued)

psychologists, and pharmacists who will volunteer services and be eligible for the Legal Expense Fund is unknown. Therefore, the exact impact on the DOH is unknown, but expected to be less than \$100,000.

Officials from the **Office of State Courts Administrator (CTS)** state the proposal contains numerous provisions relating to vehicle protection plans, trust agreements, and corporate registrations. The following assumptions are provided for those sections having a fiscal impact on the CTS:

Section 477.005 would require that marshals appointed for the appellate courts be compensated in the same amount as the highest salary set for marshals for circuit courts.

Currently, the highest paid marshal (of three) is the 19th circuit marshal, who is paid \$48,831 per year.

The FY 07 budget request indicates the following appellate court salaries for their marshal:

Western District:	\$36,444
Eastern District:	\$35,076
Southern District (.6 FTE):	\$19,548

If all three marshals' salaries were raised to the 19th circuit rate, the total cost would be approximately \$36,093, plus fringe benefits.

Section 479.265 would impose a fee of \$1.50 on the filing of any municipal ordinance violation case filed in a municipal court to be deposited into the Basic Civil Legal Services Fund. In FY 05, there were 1,132,486 cases where this surcharge might have been assessed, resulting in a maximum income of \$1,698,729. This is a high estimate since not all court costs are collected.

Section 483.245 would mandate one full-time deputy circuit clerk in each county. The CTS assumes that currently there are approximately 11 counties where this standard is not met. The costs of meeting this standard would have costs to the state general revenue fund of approximately \$39,255 annually and would require 1.6188 FTE.

Section 488.2221 would provide for an additional municipal ordinance violation surcharge of \$2.00 in Kansas City. In FY 05, there were 163,470 municipal cases disposed in Kansas City to which the surcharge could be applied. However, the CTS has no way of knowing what their

collection rate is.

ASSUMPTION (continued)

Section 488.2253 would increase the court costs paid by litigants for court reporter services.

The statutory court costs charged litigants in cases where the record is preserved using a court reporter would increase by \$10, from \$15 to \$25. This is General Revenue income. Some of these costs will be borne by the state through the criminal costs paid by the Office of Administration. There were about 184,000 cases in FY 05 to which the costs could apply. If fully collected, these costs would generate upwards of \$1,840,000 in new revenue. Indigent cases, acquittals, dismissals, etc. will reduce receipts considerably. The CTS assumes a reasonable estimate in the increase in revenue would be between \$1,200,000 and \$1,300,000.

The proposal also gives court reporters a cost-of-living adjustment (COLA) based on the Implicit Price Deflator for Personal Consumption Expenditures as published by the Bureau of Economic Analysis of the United State Department of Commerce. The CTS is unable to predict what that increase or decrease might be.

The proposal would also remove the provision for the \$25,000 payable by the state for the City of St. Louis circuit clerk's legal fees.

The provisions relating to child custody, visitation, and juvenile court jurisdiction should have no fiscal impact on the judiciary.

The proposal would also allow the courts to charge costs in some criminal and municipal cases where the charges are dismissed. There would be an increase in the amount of moneys collected, but the CTS has no way of quantifying that increase at the present time.

Oversight assumes, with respect to Section 488.2221, that up to \$326,940 could be collected annually for the municipal ordinance violation surcharges on cases in Kansas City.

Officials from the **Department of Social Services - Family Support Division (FSD)** assume this proposal provides that electronic access cards may be issued to custodial parents for disbursement of child support. The FSD expects the use of electronic access cards to result in improved customer service by reducing instances of lost, stolen or damaged checks, eliminating mail delays, and eliminating exorbitant check cashing fees.

The FSD further expects the electronic access cards to reduce instances of forged checks on the Family Support Payment Center's (FSPC) bank account. The transfer of payments through an electronic payment card would make the FSPC account information less accessible to criminals. This should translate to fewer forged checks and less risk for businesses that currently cash

FSPC checks.

ASSUMPTION (continued)

Changes of this nature will require the FSD to modify its policy, procedures and automated child support system. The FSD could realize a savings once the new system is up and running as it will reduce undistributed collections that must be transferred to unclaimed property.

Undistributed collections transferred to unclaimed property must be counted as program income, which reduces the expenses for which the division can claim federal financial participation. The FSD states it turned over \$65,000 to unclaimed property during calendar year 2005.

The FSD states the FSPC contract is administered by Department of Revenue (DOR).

Therefore, any cost savings achieved by converting paper check disbursements to electronic disbursements should be reflected in DOR's savings.

Before converting paper check disbursements to electronic disbursements, the FSD would want to conduct outreach activities to notify support payees of the transition. The FSD assumes that the next FSPC contract, which will be awarded during this legislative session, will require the FSPC contractor to provide written materials regarding electronic disbursements to support payees with other mailings the contractor is required to perform. For example, prior to the transition to electronic disbursements, the FSPC contractor can provide written information regarding the change with the paper checks that are mailed to support payees. Therefore, outreach through mailings can be accomplished without additional cost to the state.

The Information Technology Services Division (ITSD) estimates 250 hours are needed to program with an additional 300 hours to test its automated system. This is needed in order to accommodate electronic disbursements of support payments through an electronic access card. According to ITSD, the hourly rate for programming/testing is \$75.

Programming Costs: $550 \times \$75 = \$41,250$

Oversight assumes there would be minimal change to unclaimed property collections because of the unknown number of participants for the electronic access cards.

Officials from the **Department of Revenue (DOR)** assume this proposal provides that electronic access cards may be issued to custodial parents for disbursement of child support payments.

The DOR states this proposal has the possibility of realizing savings for the child support collection and disbursement contract. The DOR states these savings could range from minimal to significant, depending on the number of recipients that end up receiving payment by electronic access card or who choose to continue to receive payment by check. The DOR states

currently, an average of 200,000 disbursements are made by check each month, which is approximately ASSUMPTION (continued)

70% of the disbursements made. The amount of savings per each disbursement that switches from check to electronic access card is not known since the current contract does not have pricing schedules for the electronic access card option. (A new contract will be effective July 1, 2006, and will have this as an option.) It is estimated that savings could range anywhere from 25 cents to 75 cents per disbursement. With only 5% participation, the minimum savings would calculate to \$2,500 per month, or \$30,000 annually. With a high level of participation and absolute best pricing, the savings could end up as high as \$1,000,000 annually.

The DOR states the changes to the distribution system described above would not have a fiscal impact on the department.

Oversight assumes it is unknown how many individuals will choose to use the electronic access card. For fiscal note purposes, **Oversight** will assume the savings at 50 cents per disbursement and assumes 25 percent of custodial parents, or 50,000 (200,000 x 25%) will participate. **Oversight** will present a \$300,000 (50,000 x \$.50 x 12 months) annual savings.

DOR informed **Oversight** that DOR is currently working with a third party administrator to determine costs of the plan. Because these costs are unknown, **Oversight** will present a savings of less than \$300,000.

Officials from the **Department of Insurance (INS)** state sections 385.200 - 385.212 are substantially similar to SB1233 passed and signed in the 2004 session. The provisions of SB 1233 are effective January 1, 2007 and the INS will have staff in place to administer those provisions as of July 1, 2006. No additional staff being requested to implement these provisions.

In order to enforce provisions of sections 385.300 - 385.212, the INS would require one Financial Analyst Specialist II to process product service provider registrations, review company financial statements, examine reserve accounts, review any 10K filed and verify company net worth of those issuing product service contracts. The INS estimates that an additional Investigator II would be required to handle provisions of Section 385.310 which allows for conducting investigations and examinations for the protection of policyholders. The INS will also be required to receive and review the reimbursement contracts used by the providers of the motor vehicle and product service contracts. With the addition of product service contract providers using reimbursement contracts under this legislation, the workload of INS product analysts will increase. It is anticipated that the INS will receive an influx of filings so that providers can be in compliance. The INS is requesting one Insurance Product Analyst I/II to review reimbursement contracts received. The INS cannot estimate how many companies will register to sell product service contracts but estimates it will be around 100. If numbers are

considerably more (or less) additional (or fewer) staff will need to be requested.

ASSUMPTION (continued)

No additional staff being requested for the vehicle protection product provisions (sections 385.400 - 385.436) as the INS believes only a small number of entities will offer vehicle protection products. However, should a large number of entities offer vehicle protection product, the INS may need to request additional staff to handle policy review, financial assurance and investigation.

Revenue will be generated as a registration fee for product service contracts (sections 385.300 - 385.312) is required to be paid annually up to a \$300 annual fee. The INS estimates that approximately 100 companies will be registered, for a yearly revenue amount of \$30,000. The proposal does not indicate where fees will be deposited but INS has assumed it would be deposited into the Insurance Dedicated Fund where other such fees are deposited. Depending upon the amount of entities offering vehicle protection products and the registrant fee charged by the INS, the Insurance Dedicated Fund would receive an unknown amount of revenue.

Subsection 385.301.5. exempts provider fees from premium taxes but requires tax be paid on premiums for reimbursement insurance policies. Premium tax is currently collected for premiums for reimbursement insurance policies handled through insurance companies. The INS has not made any estimates for additional revenues being collected.

The provisions of Section 385 of the proposal are effective January 1, 2007.

A minimal impact on Information Systems for programming changes is expected, but the INS assumes those costs will be covered with current appropriations.

Officials from the **Office of Secretary of State (SOS) - Division of Business Services** provide the following assumptions:

Expedited fees: The SOS estimates 2 expedited requests per week at \$200 per filing. The anticipated increase in general revenue is estimated to be \$20,800.

Reduction of online filing fees for LLC's: It is assumed that 50% of the 30,000 LLC's formed each year will file online for a reduction in general revenue of \$825,000 (15,000 x \$55).

Option to change the due date of the corporate registration report: It is assumed that 30% of the 124,000 general business corporations will opt to change their due date in 2007; of those, 75% will change in FY 07 and 25% will change in FY 08.

ASSUMPTION (continued)

Option for a biennial corporate registration report: It is assumed that 50% of the 124,000 general business and 50% of the non-profit corporations will elect to file biennially. Corporations formed in odd numbered years can opt-in an odd numbered filing year; corporations formed in an even numbered year can opt-in an even numbered filing year. It is assumed that 40% will opt to file biennially, with 70% of the general businesses and 55% of the non-profits filing online; the remainder will file paper reports. The change will occur over two fiscal years, with 75% of the general businesses changing in FY 07 and 25% changing in FY 08. For non-profits, the first year change will occur in FY 08.

The existing notary processing system will need to be modified by the contract vendor to be able to process attorneys applying for a non-expiring notary public. It is not known at this time how many attorneys will avail themselves of the non-expiring commission or how many current notaries public are attorneys. Existing staff will process applications from attorneys.

Expenses for FY 07 are for one-time contract programming with the KB system vendor. FY 08 and FY 09 cost avoidance is in reduced postage and printing because of biennial filing.

Officials from the **SOS - Administrative Rules Division** provide the following response related to the proposal:

Many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$1,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Department of Higher Education, Office of Prosecution Services, Office of State Public Defender, and the Cities of: Cape Girardeau, Jefferson City, Kansas City, St. Louis City, and Springfield** did not respond to our request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Income - Office of State Courts</u>			
<u>Administrator</u>			
Reimbursement of court costs by litigants (Section 488.2253)	\$1,000,000 to \$1,083,333	\$1,200,000 to \$1,300,000	\$1,200,000 to \$1,300,000
Reimbursement for dismissed cases	Unknown	Unknown	Unknown
<u>Income - Office of Secretary of State</u>			
Registration and filing fees	\$265,300	(\$359,500)	(\$804,200)
<u>Savings - Office of State Courts</u>			
<u>Administrator</u>			
City of St. Louis Circuit Clerk legal fees	\$20,833	\$25,000	\$25,000
<u>Savings - Office of Secretary of State</u>			
Printing and postage costs	\$0	\$12,126	\$25,465
<u>Savings - Department of Revenue</u>			
Child support collection costs*	Less than \$300,000	Less than \$300,000	Less than \$300,000
<u>Costs - Office of Attorney General</u>			
Legal costs (Section 105.711)	(Unknown less than \$100,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
<u>Costs - Office of Administration</u>			
Legal costs (Section 105.711)	(Unknown)	(Unknown)	(Unknown)
<u>Costs - Department of Health and Senior Services</u>			
Legal costs (Section 105.711)	(Unknown less than \$100,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
<u>Costs - Department of Public Safety</u>			
Commission meeting expenses	(\$1,375)	(\$1,700)	(\$1,750)

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
(continued)			
<u>Costs – Office of State Courts</u>			
<u>Administrator</u>			
Personal service (2.6 FTE) (Section 477.005)	(\$30,829)	(\$37,920)	(\$38,868)
Personal service (1.6188 FTE) (Section 483.245)	(\$32,713)	(\$39,255)	(\$39,255)
Court Reporter COLAs	(Unknown)	(Unknown)	(Unknown)
Fringe Benefits	(\$13,583)	(\$16,708)	(\$17,125)
Total <u>Costs</u> – Office of State Courts Administrator	<u>(Unknown exceeding \$77,125)</u>	<u>(Unknown exceeding \$93,883)</u>	<u>(Unknown exceeding \$95,248)</u>
 <u>Costs - Department of Social Services</u>			
Programming costs	(\$14,025)	\$0	\$0
 ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*	 <u>Unknown less than \$1,376,941</u>	 <u>Unknown less than \$982,043</u>	 <u>Unknown less than \$549,267</u>
 * Does not include program costs			
 BASIC CIVIL LEGAL SERVICES FUND			
 <u>Income - Office of State Courts</u>			
<u>Administrator</u>			
Municipal ordinance violation case filing fees (Section 479.265)	Up to \$1,415,608	Up to \$1,698,729	Up to \$1,698,729
 ESTIMATED NET EFFECT ON BASIC CIVIL LEGAL SERVICES FUND	 <u>Up to \$1,415,608</u>	 <u>Up to \$1,698,729</u>	 <u>Up to \$1,698,729</u>
 <u>FISCAL IMPACT - State Government</u>	 FY 2007 (10 Mo.)	 FY 2008	 FY 2009

INSURANCE DEDICATED FUND

Income - Department of Insurance

Registration fees	\$25,000	\$30,000	\$30,000
-------------------	----------	----------	----------

Costs - Department of Insurance

Personal service (3.0 FTE) (Section 385)	(\$49,661)	(\$101,806)	(\$104,351)
Fringe benefits	(\$21,881)	(\$44,856)	(\$45,997)
Equipment and expense	(\$18,905)	(\$13,415)	(\$13,817)
Total <u>Costs</u> - Department of Insurance	<u>(\$90,447)</u>	<u>(\$160,077)</u>	<u>(\$164,165)</u>

ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>(\$60,447)</u>	<u>(\$130,077)</u>	<u>(\$134,145)</u>
---------------------------------------------------------	--------------------------	---------------------------	---------------------------

TECHNOLOGY FUND

Income - Office of Secretary of State

Biennial filing option fees	\$232,500	\$77,500	\$0
-----------------------------	-----------	----------	-----

Costs - Office of Secretary of State

Contract programing	<u>(\$132,000)</u>	<u>\$0</u>	<u>\$0</u>
---------------------	--------------------	------------	------------

ESTIMATED NET EFFECT ON TECHNOLOGY FUND	<u>\$100,500</u>	<u>\$77,500</u>	<u>\$0</u>
------------------------------------------------	-------------------------	------------------------	-------------------

FEDERAL FUNDS

Income - Department of Social Services - Family Support Division

Program reimbursements	\$27,225	\$0	\$0
------------------------	----------	-----	-----

Costs - Department of Social Services - Family Support Division

Program costs	<u>(\$27,225)</u>	<u>\$0</u>	<u>0)</u>
---------------	-------------------	------------	-----------

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
----------------------------------------------	-------------------	-------------------	-------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
-----------------------------------------	---------------------	---------	---------

**LOCAL GOVERNMENTS - CITIES
 OF ST. LOUIS AND KANSAS CITY**

Income - Kansas City

Municipal ordinance violation surcharge fees (Section 488.2221)	Unknown up to \$272,450	Unknown up to \$326,940	Unknown up to \$326,940
--------------------------------------------------------------------	----------------------------	----------------------------	----------------------------

Loss - City of St. Louis

Reduction in state reimbursement for circuit clerk legal fees	<u>(\$20,833)</u>	<u>(\$25,000)</u>	<u>(\$25,000)</u>
------------------------------------------------------------------	-------------------	-------------------	-------------------

**ESTIMATED NET EFFECT ON
 LOCAL GOVERNMENTS - CITIES
 OF ST. LOUIS AND KANSAS CITY**

<u>Unknown up to</u> <u>\$251,617</u>	<u>Unknown up to</u> <u>\$301,940</u>	<u>Unknown up to</u> <u>\$301,940</u>
--------------------------------------------------------	--------------------------------------------------------	--------------------------------------------------------

FISCAL IMPACT - Small Business

This proposal may positively or negatively impact small businesses.

DESCRIPTION

This proposal changes the laws regarding judicial procedures and personnel. In its main provisions, the proposal: (1) Allows physicians and dentists who provide specialty care without compensation and who were referred by his or her city or county health department, city health department operating under a city charter, combined city-county health department, or a nonprofit community health center to be included in the list for whom the State Legal Expense Fund is available. The fund is not available to a physician who performs an abortion procedure; (2) Limits claims arising out of Section 105.711, RSMo, to a maximum of \$1 million based upon the same act or acts in a single cause of action and \$1 million for any one claimant. Liability or malpractice insurance will not be considered available to pay any portion of the judgment when the fund is liable; (3) Requires that marshals appointed for appellate courts be compensated at the same amount as the highest salary set for marshals of circuit courts; (4) Allows a corporation to change the month of its corporate registration report by designating the desired month and paying an additional \$20 fee. Beginning January 1, 2007, a corporation will also be allowed to file a corporate registration report on a biennial basis. Corporations incorporated in an even-numbered year may only file a report in an even-numbered year, and

DESCRIPTION (continued)

corporations incorporated in an odd-numbered year may only file a report in odd-numbered years; (5) Establishes the fee for filing a biennial corporate report at \$80 if filed in a written format and \$30 for an electronic format. Any corporation filing a biennial report must maintain the registration for two years, but may choose to file an annual registration in subsequent years; (6) Allows an attorney to serve as a notary public until his or her commission is revoked. Notary status for an attorney will be revoked if the attorney's law license is suspended, revoked, or terminated; (7) Requires attorney notaries to submit a one-time notary fee of \$75 and a \$10 fee to the Secretary of State's Technology Trust Fund; (8) Exempts attorney notaries from the surety bond provisions of the notary statute; (9) Revises the laws to reflect recent changes in the Uniform Trust Code at the national level by limiting a settlor's ability to represent and bind beneficiaries in actions to amend or terminate trusts and adds a definition of "mandatory distribution"; (10) Changes cross references in the laws to conform with the Missouri Prudent Investor Act; (11) Prevents special needs trusts from being subject to termination by an agreement of the settlor and beneficiaries; (12) Protects discretionary interests in a trust from creditors; (13) Abolishes the Doctrine of Worthier Title to prevent inadvertent disqualification of special needs trusts; (14) Redefines "power of withdrawal" for uniform trust purposes; (15) Modifies notice requirements for charitable beneficiaries; (16) Allows qualified beneficiaries to represent other beneficiaries in actions to modify trust administrative provisions; (17) Requires the registration of a trademark to be filed with a signed statement that the registrant has a bona fide intention to use the mark in commerce or in connection with the goods or services listed in the application; (18) Allows a single application for the registration of the same trademark for goods or services in multiple classes and increases the registration fees from \$50 to \$75 for an application, from \$10 to \$20 for its renewal, and from \$50 to \$75 for an assignment; (19) Requires a court, when it does not award a custody arrangement requested by either parent of the child, to make a written statement citing specific findings of fact and conclusions as to why it is not in the best interest of the child; (20) Changes the laws regarding the information Missouri companies are required to provide or file with the Secretary of State; (21) Requires a limited liability company to provide a physical address in the company's articles of organization; (22) Requires a corporation to provide a physical address in the company's annual corporate registration report; (23) Requires a corporation's registered agent to keep a business office with a physical address identical to the registered office address; (24) Requires any foreign corporation authorized to do business in this state to keep a registered office with the same physical address as its registered agent; (25) Allows for electronic transfer of child support payments; (26) Revises the provisions regarding liens on commercial rental machines and equipment; (27) Authorizes a fee of \$1.50 on a municipal court filing to be deposited into the Basic Civil Legal Services Fund; (28) Authorizes a fee to be paid for cost-of-living adjustments for court reporter transcriptions; (29) Authorizes Kansas City municipal courts to assess and distribute to the municipality a \$2 surcharge on any municipal violation where the defendant pleads or is found

DESCRIPTION (continued)

guilty; (30) Allows a landlord to dispose of a tenant's personal property, without recourse by the tenant, when the landlord is enforcing a valid judgment for possession of the premises; (31) Sets the mandatory retirement age for municipal judges in Kansas City at 65 years of age; (32) Establishes the unlicensed practice of law as a class A misdemeanor; (33) Repeals the provisions authorizing the hiring of an attorney by the circuit clerk in the City of St. Louis to assist in the execution of his or her position as clerk; (34) Lowers the age for juvenile court jurisdiction over children to 15 years of age for non-felony violations related to state or municipal traffic ordinances or tobacco use; (35) Requires each county in the state to have at least one full-time deputy circuit clerk; (36) Prohibits any judge not re-elected pursuant to the Missouri Court Plan's retention election provision to be appointed or serve as a senior judge or commissioner; (37) Repeals the provision requiring junk and second-hand property dealers to keep a register for copper wire and cable sales; (38) Prohibits persons from issuing or selling product service agreements without registering with and paying a fee to the Director of the Department of Insurance; (39) Establishes reserve requirements for service agreement providers; (40) Requires providers of product service agreements to maintain accurate records of every transaction for a period of at least three years after the specified period of coverage has expired; (41) Authorizes the Department of Public Safety to create a program to distribute grants to multijurisdictional Internet cyber-crime law enforcement task forces and other law enforcement agencies; (42) Modifies the writ of attachment provisions regarding witnesses in criminal cases and allows the court to discharge the witness after paying a bond amount necessary to secure the witness' future attendance in court; (43) Authorizes municipal courts to assess municipal court costs to a consenting defendant in cases where the charges are dropped or dismissed; (44) Defines "virtual visitation" as parenting time using a telephone, e-mail, instant messaging, video conferencing, or any other wired or wireless technologies over the Internet or other communication media; (45) Requires the parties in a dissolution of marriage proceeding to submit in their proposed parenting plan a specific written schedule for virtual visitation, where appropriate; (46) Requires each parent, unless otherwise denied by court order, to allow and encourage the other parent to have reasonable and uncensored communications through virtual visitation between a non-custodial parent and a child and between a child and the custodial parent when the child is with the non-custodial parent; (47) Makes records and documents in connection with internal law enforcement investigations relating to an officer's employment status, fitness, or conduct closed records. Records and documents involving allegations of criminal conduct by an officer are not subject to the closed records requirement; (48) Requires any entity failing to commence construction of a solid waste processing facility within 60 months of receiving a permit to build to obtain approval from the local jurisdiction signifying that the subject of the permit is in compliance with all applicable zoning, building, and health code ordinances. Approval must be given prior to commencement of the construction; (49) Removes money-back guarantees and

express product warranties from oversight by the Department of Insurance; (50) Requires

DESCRIPTION (continued)

vehicle protection product warrantors to keep accurate accounts, books, and records concerning transactions regulated by the Missouri Vehicle Protection Product Act; (51) Prohibits a vehicle protection product warrantor from using in its name, contracts, or literature the words "insurance," "casualty," "surety," or "mutual" unless licensed as an insurance company; (52) Prohibits a person from selling or offering for sale a vehicle protection product warranty unless it clearly states the terms and conditions governing the cancellation of the sale and warranty; and (53) Prohibits any person from selling or offering for sale any vehicle protection product unless the warrantor acquires insurance under a warranty reimbursement insurance policy or maintains a net worth or stockholder's equity of \$50 million.

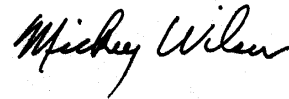
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Office of Administration -
 Administrative Hearing Commission
 Division of Risk Management/General Services
Office of State Courts Administrator
Department of Economic Development -
 Division of Finance
 Division of Credit Unions
 Division of Professional Registration
Department of Mental Health
Department of Corrections
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Department of Insurance
Office of Secretary of State -
 Division of Business Services
 Administrative Rules Division

L.R. No. 4844-09
Bill No. HCS for SS for SB 1058
Page 17 of 17
May 8, 2006

**NOT RESPONDING: Department of Higher Education, Office of Prosecution Services,
Office of State Public Defender, Cities of: Cape Girardeau, Jefferson City, Kansas City, St.
Louis City, and Springfield**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
May 8, 2006