

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3533S.03C  
 Bill No.: SCS for HCS for HB 1472  
 Subject: Banks and Financial Institutions; Business and Commerce; Credit Unions; Crimes and Punishment  
 Type: Original  
 Date: April 28, 2022

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2027)
General Revenue	(\$89,429)	(\$218,923)	(\$409,330)	(\$505,053)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$89,429)</b>	<b>(\$218,923)</b>	<b>(\$409,330)</b>	<b>(\$505,053)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2027)
Division of Finance Fund (0550)	\$38,200	\$108,650	\$108,650	\$108,650
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$38,200</b>	<b>\$108,650</b>	<b>\$108,650</b>	<b>\$108,650</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2027)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2027)
General Revenue	0 FTE	0 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 FTE</b>	<b>0 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2027)
<b>Local Government</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

### §§361.020 - 408.500 – Division of Finance Provisions

In response to similar legislation from 2022 (HB 2571), officials from the **Department of Commerce and Insurance (DCI)** stated the changes to Sections 361.715.2 and 361.715.3 increase the annual license fee and amended license fee for the sale of checks/money transmitters by \$50 per license or amended license. The license year for these lenders runs from March 1 through February 28; therefore, DCI Division of Finance (DOF) anticipates an increase in revenue of \$8,750 beginning with licenses and amended licenses issued on or after March 1, 2023. This revenue would be deposited into the Division of Finance Fund.

The change to Section 364.030.3 increases the annual license fee for financing companies by \$50 per license. The license year for these lenders runs from January 1 through December 31; therefore DOF anticipates an increase in revenue of \$2,850 beginning with licenses issued on or after January 1, 2023. Though the statute states the fees collected would be deposited into the general revenue fund, pursuant to 361.170.4 RSMo., which supersedes this older section, all consumer licensing fees are credited to the Division of Finance Fund and have been since 1991 as would the increase in these annual licensing fees.

The change to Section 364.105.2 increases the annual license fee for premium financing companies by \$50 per license. The license year for these lenders runs from July 1 through June 30; therefore DOF anticipates an increase in revenue of \$2,600 beginning with licenses issued on or after July 1, 2023. This revenue would be deposited into the Division of Finance Fund.

The change to Section 365.030.3 increases the annual license fee for motor vehicle financing companies by \$50 per license. The license year for these lenders runs from January 1 through December 31; therefore DOF anticipates an increase in revenue of \$9,100 beginning with licenses issued on or after January 1, 2023. This revenue would be deposited into the Division of Finance Fund.

The change to Section 367.140.1 increases the annual license fee for small loan and consumer installment lenders by \$50 per license. The license year for these lenders runs from July 1 through June 30; therefore DOF anticipates an increase in revenue of \$65,200 beginning with licenses issued on or after July 1, 2023. This revenue would be deposited into the Division of Finance Fund.

The change to Section 407.640.5 increases the annual license fee for credit service organizations by \$50 per license. The license year for these lenders runs from July 1 through June 30; therefore DOF anticipates an increase in revenue of \$2,650 beginning with licenses issued on or after July 1, 2023. This revenue would be deposited into the Division of Finance Fund.

The change to Section 408.500.1 increases the annual license fee for pay day lenders by \$50 per license. The license year for these lenders runs from January 1 through December 31; therefore DOF anticipates an increase in revenue of \$17,500 beginning with licenses issued on or after January 1, 2023. This revenue would be deposited into the Division of Finance Fund.

For the purposes of this estimate, DOF projects a total of 2,173 licenses. DOF assumes the number of each of these types of lenders will remain flat in the next three years.

In summary, DCI assumes a revenue of \$38,200 in FY 2023, \$108,650 in FY 2024 and FY 2025 as a result of the implementation of the changes in this proposal.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated revenue by DCI generated by proposal to the Division of Finance Fund (0550).

In response to similar legislation from 2022 (HB 2571), officials from the **Office of the State Public Defender** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

#### 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.

In response to similar legislation from 2022 (HB 2571), officials from the **Office of the Secretary of State (SOS)** noted 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.

In response to similar legislation from 2022 (HB 2571), officials from the **Office of the State Courts Administrator** did not respond to **Oversight's** request for fiscal impact for this proposal.

§427.300 – Commercial Financing Information

In response to similar legislation from 2022 (HCS HB 2706), officials from the **Department of Commerce and Insurance** assumed the proposal would not fiscally impact their agency.

In response to similar legislation from 2022 (HCS HB 2706), officials from the **Attorney General's Office (AGO)** assumed that any additional litigation costs arising from this proposal can be absorbed with existing personnel and resources, however, the AGO may seek additional appropriations if there is a significant increase in litigation.

**Oversight** notes the proposal gives authority to the AGO to enforce the provisions of the Commercial Financing Disclosure Act. Based on their response, Oversight will assume the AGO will not need additional resources to administer these provisions.

**Oversight** also notes §427.300.5 requires that any person who violates this section shall be punished by a fine of \$500 per incident, not to exceed \$25,000 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.

§§569.010, 569.100, 570.010, and 570.030 – Teller machines

Officials from the **Department of Corrections (DOC)** state this proposal modifies provisions relating to criminal offenses involving teller machines. It modifies section 569.100 to include the offense of tampering with a teller machine and associated penalties and modifies section 570.030 to include the offense of stealing a property that is a teller machine or the content of a teller machine including cash regardless of the value or amount.

The offense of tampering with a teller machine is a class D felony unless the offense is committed for the purpose to defraud or obtain any property of \$750 or more or the damage to a teller machine exceeds \$750, in which case it is a class C felony. Any second or subsequent offense is a class B felony. The offense of stealing a teller machine is a class C felony.

The intent of the bill is to create a class D felony, two class C felonies, and a class B felony.

**Operational Impact**

For each new nonviolent class D felony, the department estimates three people will be sentenced to prison and five to probation. The average sentence for a nonviolent class D felony offense is 5 years, of which 2.8 years will be served in prison with 1.7 years to first release. The remaining 2.2 years will be on parole. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 8 additional offenders in prison and 16 additional offenders on field supervision by FY 2025.

**Change in prison admissions and probation openings with legislation-Class D Felony (nonviolent)**

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	3	3	3	3	3	3	3	3	3	3
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	5	5	5	5	5	5	5	5	5	5
<b>Change (After Legislation - Current Law)</b>										
Admissions	3	3	3	3	3	3	3	3	3	3
Probations	5	5	5	5	5	5	5	5	5	5
<b>Cumulative Populations</b>										
Prison	3	6	8	8	8	8	8	8	8	8
Parole	0	0	1	4	7	7	7	7	7	7
Probation	5	10	15	15	15	15	15	15	15	15
<b>Impact</b>										
Prison Population	3	6	8	8	8	8	8	8	8	8
Field Population	5	10	16	19	22	22	22	22	22	22
<b>Population Change</b>	<b>8</b>	<b>16</b>	<b>24</b>	<b>27</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>

For two new class C felonies, the department estimates eight people will be sentenced to prison and twelve to probation. The average sentence for a class C felony offense is 6.9 years, of which 3.7 years will be served in prison with 2.1 years to first release. The remaining 3.2 years will be on parole. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 30 additional offenders in prison and 38 additional offenders on field supervision by FY 2026.

**Change in prison admissions and probation openings with legislation-Two Class C Felonies**

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	8	8	8	8	8	8	8	8	8	8
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	12	12	12	12	12	12	12	12	12	12
<b>Change (After Legislation - Current Law)</b>										
Admissions	8	8	8	8	8	8	8	8	8	8
Probations	12	12	12	12	12	12	12	12	12	12
<b>Cumulative Populations</b>										
Prison	8	16	24	30	30	30	30	30	30	30
Parole				2	10	18	26	26	26	26
Probation	12	24	36	36	36	36	36	36	36	36
<b>Impact</b>										
Prison Population	8	16	24	30	30	30	30	30	30	30
Field Population	12	24	36	38	46	54	62	62	62	62
<b>Population Change</b>	<b>20</b>	<b>40</b>	<b>60</b>	<b>68</b>	<b>76</b>	<b>84</b>	<b>91</b>	<b>91</b>	<b>91</b>	<b>91</b>

Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the department assumes the admission of one person per year to prison following the passage of the legislative proposal.

Offenders committed to prison with a class B felony as their most serious sentence who were first released sometime during fiscal years 2019, 2020 and 2021, had an average sentence length of 9.0 years and served, on average, 3.4 years in prison prior to first release. The department assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the department is estimated to be 5 additional offenders in prison and 0 additional offenders on field supervision by FY 2027.

**Change in prison admissions and probation openings with legislation**

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	1	1	1	1	1	1	1	1	1	1
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	0	0	0	0	0	0	0	0	0	0
<b>Change (After Legislation - Current Law)</b>										
Admissions	1	1	1	1	1	1	1	1	1	1
Probations										
<b>Cumulative Populations</b>										
Prison	1	2	3	4	5	5	5	5	5	5
Parole						1	2	3	4	4
Probation										
<b>Impact</b>										
Prison Population	1	2	3	4	5	5	5	5	5	5
Field Population						1	2	3	4	4
<b>Population Change</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>9</b>

Combined Estimated Cumulative Impact

The combined estimated cumulative impact of a new class D felony, two new class C felonies, and a new class B felony on the department is estimated to be 43 additional offenders in prison and 68 additional offenders on field supervision by FY 2027.

Change in prison admissions and probation openings with legislation

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	12	12	12	12	12	12	12	12	12	12
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	17	17	17	17	17	17	17	17	17	17
<b>Change (After Legislation - Current Law)</b>										
Admissions	12	12	12	12	12	12	12	12	12	12
Probations	17	17	17	17	17	17	17	17	17	17
<b>Cumulative Populations</b>										
Prison	12	24	35	42	43	43	43	43	43	43
Parole	0	0	1	6	17	26	35	36	37	37
Probation	17	34	51	51	51	51	51	51	51	51
<b>Impact</b>										
Prison Population	12	24	35	42	43	43	43	43	43	43
Field Population	17	34	52	57	68	77	86	87	88	88
<b>Population Change</b>	<b>29</b>	<b>58</b>	<b>87</b>	<b>99</b>	<b>111</b>	<b>120</b>	<b>128</b>	<b>129</b>	<b>130</b>	<b>130</b>

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

In response to similar legislation from 2022 (SCS SB 831), officials from the **Office of the State Public Defender (SPD)** stated the proposed legislation creates the offense of tampering with a teller machine, in violation of Section 569.100, and therefore, could increase the number of persons who are eligible for representation by the State Public Defender (SPD). The fiscal impact of this legislation on the SPD is unknown as the number of additional cases eligible for representation as the result of the legislation is unknown, but it is anticipated that any increase would be less than \$250,000.

**Oversight** notes in FY22 the SPD was appropriated moneys for 53 additional FTE. 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 similar legislation from 2022 (SCS SB 831), officials from the **Department of Commerce and Insurance** and the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization.



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

§574.105 – Money laundering

Officials from the **Department of Corrections (DOC)** state this bill modifies the offense of money laundering. The bill intends to expand the scope of money laundering offense by adding other monetary instruments such as crypto currency, traveler’s checks, personal checks, wires and money orders, investment securities in addition to physical currency. It also replaces currency transactions with financial transactions to expand the scope of monetary transactions.

In classifying additional activities as offenses under section 574.105, the proposal introduces the opportunity for additional convictions as class B felony offenses.

Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the department assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence who were first released sometime during fiscal years 2019, 2020 and 2021, had an average sentence length of 9.0 years and served, on average, 3.4 years in prison prior to first release. The department assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the department is estimated to be 5 additional offenders in prison and 0 additional offenders on field supervision by FY 2027.

**Change in prison admissions and probation openings with legislation**

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	1	1	1	1	1	1	1	1	1	1
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	0	0	0	0	0	0	0	0	0	0
<b>Change (After Legislation - Current Law)</b>										
Admissions	1	1	1	1	1	1	1	1	1	1
Probations										
<b>Cumulative Populations</b>										
Prison	1	2	3	4	5	5	5	5	5	5
Parole						1	2	3	4	4
Probation										
<b>Impact</b>										
Prison Population	1	2	3	4	5	5	5	5	5	5
Field Population						1	2	3	4	4
<b>Population Change</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>9</b>

Combined Estimated Cumulative Impact from 3533S.03C

The combined estimated cumulative impact from 3533S.03C is an additional 48 offenders in prison and an additional 92 offenders on field supervision by FY 2031.

**Change in prison admissions and probation openings with legislation**

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	13	13	13	13	13	13	13	13	13	13
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	17	17	17	17	17	17	17	17	17	17
<b>Change (After Legislation - Current Law)</b>										
Admissions	13	13	13	13	13	13	13	13	13	13
Probations	17	17	17	17	17	17	17	17	17	17
<b>Cumulative Populations</b>										
Prison	13	26	38	46	48	48	48	48	48	48
Parole	0	0	1	6	17	27	37	39	41	41
Probation	17	34	51	51	51	51	51	51	51	51
<b>Impact</b>										
Prison Population	13	26	38	46	48	48	48	48	48	48
Field Population	17	34	52	57	68	78	88	90	92	92
<b>Population Change</b>	<b>30</b>	<b>60</b>	<b>90</b>	<b>103</b>	<b>116</b>	<b>126</b>	<b>135</b>	<b>137</b>	<b>139</b>	<b>139</b>

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 \$22.616 per day or an annual cost of \$8,255 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 \$88.12 per day or an annual cost of \$32,162 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.

	# to prison	Cost per year	Total Costs for <b>prison</b>	Change in probation & parole officers	Total cost for <b>probation and parole</b>	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	13	(\$8,255)	(\$89,429)	0	\$0	17	(\$89,429)
Year 2	26	(\$8,255)	(\$218,923)	0	\$0	34	(\$218,923)
Year 3	38	(\$8,255)	(\$326,363)	1	(\$82,967)	52	(\$409,330)
Year 4	46	(\$8,255)	(\$402,973)	1	(\$75,341)	57	(\$478,314)
Year 5	48	(\$8,255)	(\$428,903)	1	(\$76,150)	68	(\$505,053)

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

In response to similar legislation from 2022 (HCS HB 1472), officials from the **Office of the Secretary of State (SOS)** noted 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.

In response to similar legislation from 2022 (HCS HB 1472), officials from the **Attorney General’s Office**, the **Department of Commerce and Insurance**, the **Office of the State Courts Administrator**, and the **Office of the State Public Defender** assumed the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Responses regarding the proposed legislation as a whole

Officials from the **Department of Public Safety - Missouri Highway Patrol**, the **Department of Revenue**, and the **Missouri Office of Prosecution Services** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2027)
<b>GENERAL REVENUE FUND</b>				
<u>Cost – DOC (§§569.100 and 570.030) p. 10</u>				
Personal service	\$0	\$0	(\$42,589)	(\$43,445)
Fringe benefits	\$0	\$0	(\$28,306)	(\$28,875)
Equipment and expense	\$0	\$0	(\$12,072)	(\$3,830)
Increased incarceration costs	<u>(\$89,429)</u>	<u>(\$218,923)</u>	<u>(\$326,363)</u>	<u>(\$428,903)</u>
<b>Total cost - DOC</b>	<b><u>(\$89,429)</u></b>	<b><u>(\$218,923)</u></b>	<b><u>(\$409,330)</u></b>	<b><u>(\$505,053)</u></b>
FTE Change - DOC	0 FTE	0 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$89,429)</u></b>	<b><u>(\$218,923)</u></b>	<b><u>(\$409,330)</u></b>	<b><u>(\$505,053)</u></b>
Estimated Net FTE Change for the General Revenue Fund	0 FTE	0 FTE	1 FTE	1 FTE
<b>DIVISION OF FINANCE FUND (0550)</b>				
<u>Revenue – DCI (§§361.020 - 408.500) Increase in annual license fees p. 3-4</u>	<u>\$38,200</u>	<u>\$108,650</u>	<u>\$108,650</u>	<u>\$108,650</u>
<b>ESTIMATED NET EFFECT TO THE DIVISION OF FINANCE FUND</b>	<b><u>\$38,200</u></b>	<b><u>\$108,650</u></b>	<b><u>\$108,650</u></b>	<b><u>\$108,650</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2027)
<b>SCHOOL DISTRICTS</b>				
<u>Fine Revenue</u> – to school districts - §427.300.5 p. 5	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT TO SCHOOL DISTRICTS</b>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

This proposal would increase the cost of licenses for certain lenders by \$50 annually.

FISCAL DESCRIPTION

DIVISION OF FINANCE (Sections 361.020 through 408.500)

This bill grants the Division of Finance, within the Department of Commerce and Insurance the authority over the laws relating to persons and entities engaged in the following:

- (1) Banks, trust companies and the banking business. Currently the Division has regulatory authority over these entities.
- (2) Mortgage loan business;
- (3) Any other financial-services-related business over which the Division is granted express authority.

This bill grants the Director discretionary authority to issue bulletins regulating the businesses, which do not have the force or effect of law and are not regarded as statements of general applicability for rule promulgation. In addition, the Division is granted discretionary authority to issue industry letters in response to written requests from an individual and entity on the application of law, which includes certain information detailed in the bill.

This bill allows the Director, based upon an examination or investigation, to issue notice of charges against any corporation for violations described in the bill.

COMMERCIAL FINANCING INFORMATION (Section 427.300)

This act creates the "Commercial Financing Disclosure Act". Under this act, any person who consummates more than 5 commercial financing products, as defined in the act, to a business

located in this state in a calendar year is required to make certain disclosures to the business with regard to the product. Specifically, the provider is required to disclose the following:

- The total amount of funds provided to the business under the terms of the commercial financing product;
- The total amount of funds disbursed to the business under the terms of the commercial financing product, if less than the total amount of funds provided, as a result of any fees deducted or withheld at disbursement and any amount paid to a third party on behalf of the business;
- The total amount to be paid to the provider pursuant to the commercial financing product agreement;
- The total dollar cost of the commercial financing product under the terms of the agreement, derived by subtracting the total amount of funds provided from the total of payments;
- The manner, frequency and amount of each payment;
- A statement of whether there are any costs or discounts associated with prepayment of the commercial financing product including a reference to the paragraph in the agreement that creates the contractual rights of the parties related to prepayment;
- A statement of whether any amount of the total amount of funds provided as described are paid to a broker in connection with the commercial financing product and the amount of compensation.

Violations of this act are punishable by a fine of \$500 per incident, not to exceed \$20,000 for all aggregated violations. Any person who violates any provision of this act after receiving written notice of a prior violation from the Attorney General shall be punishable by a fine of \$1,000 per incident, not to exceed \$50,000 for all aggregated violations arising from the use of the transaction documentation or materials found to be in violation of this act.

Violation of any provision of this act does not affect the enforceability or validity of the underlying agreement.

This act does not create a private cause of action against any person or entity based upon noncompliance with this act.

The Attorney General is given authority to enforce the provisions of this act.

#### OFFENSE OF PROPERTY DAMAGE IN THE FIRST DEGREE (Sections 569.010 & 569.100)

This act adds to the offense of property damage in the first degree if such person knowingly damages, modifies, or destroys a teller machine or otherwise makes it inoperable.

This offense is a class D felony unless committed for the purpose of executing any scheme or artifice to defraud or obtain any property, the value of which exceeds \$750 or the damage to the teller machine exceeds \$750, in which case it is a class C felony. It shall be a class B felony if

committed for the purpose of obtaining the personal financial credentials of another person or if the person has committed a second or subsequent offense of damaging a teller machine.

**OFFENSE OF STEALING (Sections 570.010 & 570.030)**

This act adds that the offense of stealing shall be a class C felony if the property stolen is a teller machine or the contents of a teller machine including cash regardless of the value or amount stolen.

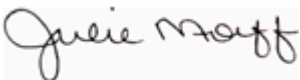
**MONEY LAUNDERING (Section 574.105)**

This bill modifies the statute related to the offense of money laundering. It replaces the definitions of "currency" with one for "monetary instruments" and it adds definitions for "financial transaction" and "transaction". The bill also replaces the term "currency transaction" with "financial transaction" in the factors establishing the offense.

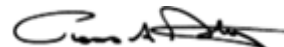
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

**SOURCES OF INFORMATION**

Attorney General's Office  
Department of Commerce and Insurance  
Department of Corrections  
Department of Public Safety  
Department of Revenue  
Joint Committee on Administrative Rules  
Missouri Office of Prosecution Services  
Office of the Secretary of State  
Office of the State Courts Administrator  
Office of the State Public Defender



Julie Morff  
Director  
April 28, 2022



Ross Strobe  
Assistant Director  
April 28, 2022