

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5273S.01I
 Bill No.: SB 1086
 Subject: Agriculture; Attorney General; Business and Commerce; Civil Penalties;
 Consumer Protection; Contracts and Contractors; Merchandising Practices
 Type: Original
 Date: April 4, 2022

Bill Summary: This proposal allows certain individuals and businesses to have access to information from manufacturers in order to repair certain products.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	Less than (\$176,857)	Less than (\$193,548)	Less than (\$195,536)
Total Estimated Net Effect on General Revenue	Less than (\$176,857)	Less than (\$193,548)	Less than (\$195,536)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office (AGO)** state Section 407.653 would require that manufacturers make the same diagnostic and repair information available to authorized repair providers available to normal purchasers of products in Missouri. Section 407.653.11 tasks the AGO with enforcing these provisions. The AGO estimates the need for two (2) FTE Assistant Attorneys General (each at \$55,620) for an annual cost of approximately \$195,536.

Oversight notes that the AGO assumes the proposal would have a direct fiscal impact on their organization. Oversight does not have any information to the contrary, so will reflect AGO's estimated cost on the fiscal note.

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact their organization.

Oversight notes §407.653.13 states that the AGO shall have the powers, rights, and duties regarding violations of this section as are provided in sections 407.010 – 407.130. Section 407.110 states any person who violates the terms of an injunction, an order of restitution, or any other judgement or order issued shall pay to the state a civil penalty of not more than \$5,000 per violation. Oversight will reflect an unknown amount of fine revenue from this subsection. Oversight assumes the amount of fine revenue will not be more than the cost of the 2 FTE as estimated by the AGO; therefore, Oversight will reflect a net fiscal impact to the General Revenue Fund of "Less than" the AGO's estimated costs.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Fine revenue – 407.653.13 potential civil penalties</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs – AGO</u>			
Personal Service	(\$92,700)	(\$112,352)	(\$113,476)
Fringe Benefits	(\$51,186)	(\$61,799)	(\$62,178)
Expense & Equip.	(\$32,971)	(\$19,397)	(\$19,882)
Total Costs – AGO	(\$176,857)	(\$193,548)	(\$195,536)
FTE Change – AGO	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	Less than (\$176,857)	Less than (\$193,548)	Less than (\$195,536)
Estimated Net FTE Change to General Revenue	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Certain small businesses that own or repair these products could be impacted by this proposal.

FISCAL DESCRIPTION

Under this act, owners of products, which is defined in the act as any farm machinery, construction machinery, or forestry machinery, purchased or used in Missouri and independent

repair providers shall have the right to access the same diagnostic and repair information that manufacturers supply to authorized repair providers. Product owners shall also have the right to purchase service parts, documentation, and tools from manufacturers in the same manner and time as those parts are given to authorized repair providers.

Nothing in the act shall require the manufacturer to divulge a trade secret to a product owner or to an independent repair provider, except as necessary to provide documentation, parts, and tools on fair and reasonable terms.

If a product owner or independent repair provider believes a manufacturer has failed to provide information allowed under the act, the owner or repair provider shall notify the manufacturer in writing and the manufacturer has 30 days to cure the failure. If the manufacturer fails to respond in a timely manner or if an owner or repair provider is not satisfied with the manufacturer's cure, the owner or repair provider may file a complaint in a court of competent jurisdiction.

The Attorney General shall have all powers, rights, and duties regarding violations of the act as are provided in the provisions of the Merchandising Practices Act.

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

SOURCES OF INFORMATION

Attorney General's Office
Office of the State Courts Administrator



Julie Morff
Director
April 4, 2022



Ross Strobe
Assistant Director
April 4, 2022