

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1341H.05F
Bill No.: HS for HCS for HB Nos. 532 & 751
Subject: Business and Commerce; Consumer Protection; Department of Public Safety
Type: Original
Date: April 24, 2023

Bill Summary: This proposal modifies provisions relating to detached catalytic converters.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	Could exceed (\$15,832)	Could exceed (\$38,756)	Could exceed (\$39,532)
Total Estimated Net Effect on General Revenue	Could exceed (\$15,832)	Could exceed (\$38,756)	Could exceed (\$39,532)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§407.300 and 570.030 – Sale of certain materials

Officials from the **Department of Corrections (DOC)** state Section 407.300 modifies provisions related to keeping records for the sale of certain materials and proposes to enhance penalty provisions for violations to a class E felony. These actions are considered nonviolent class E felony offenses; therefore, the intent of the bill is to create a new class E felony offense.

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 cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2026.

	# to prison	Cost per year	Total Costs for prison	Change in probation & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	1	(\$9,499)	(\$7,916)	0	\$0	2	(\$7,916)
Year 2	2	(\$9,499)	(\$19,378)	0	\$0	4	(\$19,378)
Year 3	2	(\$9,499)	(\$19,766)	0	\$0	7	(\$19,766)
Year 4	2	(\$9,499)	(\$20,161)	0	\$0	7	(\$20,161)
Year 5	2	(\$9,499)	(\$20,564)	0	\$0	7	(\$20,564)
Year 6	2	(\$9,499)	(\$20,975)	0	\$0	7	(\$20,975)
Year 7	2	(\$9,499)	(\$21,395)	0	\$0	7	(\$21,395)
Year 8	2	(\$9,499)	(\$21,823)	0	\$0	7	(\$21,823)
Year 9	2	(\$9,499)	(\$22,259)	0	\$0	7	(\$22,259)
Year 10	2	(\$9,499)	(\$22,704)	0	\$0	7	(\$22,704)

Additionally, Section 570.030 is modified to include the additional clause that an individual receiving, retaining, or disposing of property that they “reasonably should suspect that it has been stolen” constitutes as a felony offense. These actions are considered a class A, class B, class C, class D, or class E felony depending on the item or cost of the stolen materials; therefore, the intent of the bill is to create a new class A, class B, class C, class D, and class E felony offense.

The department has no way of knowing how many new commitments could result from the inclusion of the language “reasonably should suspect that it has been stolen”. Therefore, the department estimates a \$0 to (Unknown) fiscal cost.

In response to a previous version, officials from the **Department of Revenue (DOR)** assumed the following regarding this proposal:

Administrative Impact

To implement the proposed changes, the Department will be required to:

- Update procedures, correspondence letters, forms, and the Department website;
- Update the Missouri Titling manual;
- Send communications to stakeholders as applicable; and
- Train Staff.

FY 2024 – Motor Vehicle Bureau

Lead Administrative Support Assistant 20 Hrs @ 17.05 = \$ 341

Research/Data Assistant 10 Hrs @ \$24.84 = \$ 248

Administrative Manager 10 Hrs @ \$26.96 = \$ 269

Associate Research/Data Analyst 40 Hrs @ \$19.90 = \$ 796

FY 2024 – Strategy and Communications Office

Associate Research/Data Analyst 80 Hrs @ \$19.90 = \$1,592

Total = \$3,246

Revenue Impact

The Department anticipates it will be able to absorb these costs and that there will be minimal impact. If multiple bills are passed that require department resources, FTE may be requested through the appropriations process.

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

In response to a previous version, officials from the **Office of the State Public Defender (SPD)** stated the proposed legislation under Section 407.300 creates a new offense which could result in additional cases eligible for SPD representation. The fiscal impact is unknown as the number of additional cases eligible is unknown. The classification of the offense as a B misdemeanor includes the possibility of jail time for the offense. Reclassification of the offense to a class D misdemeanor would remove the jail time consequence and as a result remove the case from those cases eligible for SPD representation.

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.

Oversight notes that violations of section 407.300.5 currently result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. However, this proposal removes the fines that are currently imposed under statute. Therefore, Oversight will reflect a potential negative fiscal impact of \$0 to Unknown to local school districts.

In response to a previous version, officials from the **Office of the State Courts Administrator** and the **St. Joseph Police Department** 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.

§570.031 – Unlawful possession

DOC states this proposal creates the offense of unlawful possession of a detached catalytic converter with the intent to sell. These actions are considered nonviolent class E felony offenses; therefore, the intent of the bill is to create a new class E felony offense.

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 cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2026.

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

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	1	1	1	1	1	1	1	1	1	1
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	2	2	2	2	2	2	2	2	2	2
Change (After Legislation - Current Law)										
Admissions	1	1	1	1	1	1	1	1	1	1
Probations	2	2	2	2	2	2	2	2	2	2
Cumulative Populations										
Prison	1	2	2	2	2	2	2	2	2	2
Parole			1	1	1	1	1	1	1	1
Probation	2	4	6	6	6	6	6	6	6	6
Impact										
Prison Population	1	2	2	2	2	2	2	2	2	2
Field Population	2	4	7	7	7	7	7	7	7	7
Population Change	3	6	9	9	9	9	9	9	9	9

	# to prison	Cost per year	Total Costs for prison	Change in probation & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	1	(\$9,499)	(\$7,916)	0	\$0	2	(\$7,916)
Year 2	2	(\$9,499)	(\$19,378)	0	\$0	4	(\$19,378)
Year 3	2	(\$9,499)	(\$19,766)	0	\$0	7	(\$19,766)
Year 4	2	(\$9,499)	(\$20,161)	0	\$0	7	(\$20,161)
Year 5	2	(\$9,499)	(\$20,564)	0	\$0	7	(\$20,564)
Year 6	2	(\$9,499)	(\$20,975)	0	\$0	7	(\$20,975)
Year 7	2	(\$9,499)	(\$21,395)	0	\$0	7	(\$21,395)
Year 8	2	(\$9,499)	(\$21,823)	0	\$0	7	(\$21,823)
Year 9	2	(\$9,499)	(\$22,259)	0	\$0	7	(\$22,259)
Year 10	2	(\$9,499)	(\$22,704)	0	\$0	7	(\$22,704)

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 \$26.024 per day or an annual cost of \$9,499 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 \$87.46 per day or an

annual cost of \$31,921 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.

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 2023 (HB 555), officials from the **Office of the State Public Defender (SPD)** stated the proposed legislation creates a new offense under section 570.031 which could result in additional cases eligible for SPD representation. The number of additional cases is unknown and as a result the fiscal impact is unknown.

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 2023 (HB 555), officials from 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.

Oversight notes in an article from the Bismarck Tribune from February 22, 2021 regarding North Dakota's SB 2242, *"Catalytic converters -- devices mandatory on gasoline-burning vehicles since the mid-1970s -- are a hot item, and not just because vehicle exhaust passes through them. Inside each device is a sort of honeycomb lined with metals such as palladium, rhodium and platinum, which remove pollutants from the exhaust."*

Palladium is worth about \$2,400 an ounce, said Larry Schneider, owner of Bismarck Gold and Silver Exchange. That equates to about \$85 per gram. Platinum is valued at about \$1,300 per ounce (\$46 per gram). Rhodium is worth about \$20,000 per ounce (\$706 per gram)".

Bill as a Whole

Officials from the **Attorney General’s Office**, the **Department of Natural Resources**, the **Department of Public Safety – (Missouri Highway Patrol and Office of the Director)**, the **Missouri Department of Agriculture**, the **Missouri Department of Transportation**, the **Missouri Office of Prosecution Services**, the **City of Kansas City**, the **City of O’Fallon**, the **City of Springfield**, the **Branson Police Department**, and the **Phelps County Sheriff’s Department** assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Kansas City Police Department** and the **St. Louis County Police Department** 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 the abovementioned agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, and local law enforcement were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Cost</u> – DOC (\$407.300) Increased incarceration costs p. 3	(\$7,916)	(\$19,378)	(\$19,766)
<u>Cost</u> – DOC (\$570.030) Increased incarceration costs p. 3-4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost</u> – DOC (\$570.031) Increased incarceration costs p. 5-7	(\$7,916)	(\$19,378)	(\$19,766)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>Could exceed</u> <u>(\$15,832)</u>	<u>Could exceed</u> <u>(\$38,756)</u>	<u>Could exceed</u> <u>(\$39,532)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss – Schools districts (§407.300.5)</u> Removal of specific fines from violations p. 5	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTIONCATALYTIC CONVERTERS (Section 407.300)

Transactions involving catalytic converters must occur at the fixed place of business of the scrap metal dealer or person regulated under Section 407.300. Such individuals must possess the catalytic converter for five days before modifying it in any way. Currently, anyone who knowingly purchases a stolen catalytic converter in violation this section shall be subject to penalties as provided in the section. This bill removes the requirement that the purchaser knows the catalytic converter is stolen and provides anyone convicted of violating this section is guilty of a class E felony, in addition to being subject to having any business license under Section 301.218 revoked.

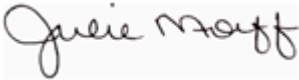
UNLAWFUL POSSESSION (Section 570.031)

This bill establishes that a person commits the offense of unlawful possession of a catalytic converter if that person possesses a detached catalytic converter from a motor vehicle with the intent to sell. This offense does not apply to a person in possession of a catalytic converter in the course of a legitimate business purpose, if the person presents proof the detached catalytic converter is a component part of an item or equipment owned by that person, or if the person presents proof the possession is for some other lawful purpose. The offense of unlawful possession of a detached catalytic converter is a class E felony.

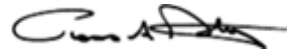
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Department of Natural Resources
Department of Corrections
Department of Revenue
Department of Public Safety
Missouri Department of Agriculture
Missouri Department of Transportation
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Office of the State Public Defender
City of Kansas City
City of O'Fallon
City of Springfield
Kansas City Police Department
Branson Police Department
St. Joseph Police Department
St. Louis County Police Department
Phelps County Sheriff's Department



Julie Morff
Director
April 24, 2023



Ross Strobe
Assistant Director
April 24, 2023