

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0678S.01I
 Bill No.: SB 98
 Subject: Banks and Financial Institutions; Crimes and Punishment
 Type: Original
 Date: January 30, 2025

Bill Summary: This proposal creates the offense of financial institution accounts fraud.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
General Revenue	(\$78,637)	(\$192,504)	(\$272,715)	(\$437,951)
Total Estimated Net Effect on General Revenue	(\$78,637)	(\$192,504)	(\$272,715)	(\$437,951)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
General Revenue	0 FTE	0 FTE	0 FTE	1 FTE
Total Estimated Net Effect on FTE	0 FTE	0 FTE	0 FTE	1 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 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§570.148 – Financial institution accounts fraud

Officials from the **Department of Corrections (DOC)** state this proposal creates the offense of financial institution accounts fraud.

The offense of financial institution accounts fraud in any amount up to \$500 is a class B misdemeanor. The offense of financial accounts fraud is a class B felony if the person acts purposefully to cause funds to be withdrawn or taken from a financial institution or a customer account and the value of the property is in any amount of five hundred dollars or more. The offense of financial institutions account fraud is a class C felony if the person acts knowingly to cause funds to be withdrawn or taken from a financial institution or a customer account and the value of the property is in any amount of five hundred dollars or more. The offense of financial institution accounts fraud is a class D felony if the person acts recklessly to cause funds to be withdrawn or taken from a financial institution or a customer account and the value of the property is in any amount of five hundred dollars or more. The offense of financial institution accounts fraud is a class E felony if the person acts with criminal negligence to cause funds to be withdrawn or taken from a financial institution or a customer account and the value of the property is in any amount of five hundred dollars or more.

Since misdemeanors fall outside the purview of DOC, there is no impact to DOC for the offense resulting in the class B misdemeanor.

The offenses resulting in class B, C, D, and E felonies could be considered new crimes. As there is little direct data on which to base an estimate, the department estimates an impact comparable to the creation of these new class B, C, D, and E felonies.

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, have 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 could be served in prison as a parole return, and the rest of the sentence could be served on supervision in the community.

Change in prison admissions and probation openings with legislation-Class B Felony

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
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	0	0	0	0	0	0	0	0	0	0
Change (After Legislation - Current Law)										
Admissions	1	1	1	1	1	1	1	1	1	1
Probations										
Cumulative Populations										
Prison	1	2	3	4	5	5	5	5	5	5
Parole						1	2	3	4	4
Probation										
Impact										
Prison Population	1	2	3	4	5	5	5	5	5	5
Field Population						1	2	3	4	4
Population Change	1	2	3	4	5	6	7	8	9	9

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

Change in prison admissions and probation openings with legislation-Class C Felony

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	4	4	4	4	4	4	4	4	4	4
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	6	6	6	6	6	6	6	6	6	6
Change (After Legislation - Current Law)										
Admissions	4	4	4	4	4	4	4	4	4	4
Probations	6	6	6	6	6	6	6	6	6	6
Cumulative Populations										
Prison	4	8	12	15	15	15	15	15	15	15
Parole				1	5	9	13	13	13	13
Probation	6	12	18	18	18	18	18	18	18	18
Impact										
Prison Population	4	8	12	15	15	15	15	15	15	15
Field Population	6	12	18	19	23	27	31	31	31	31
Population Change	10	20	30	34	38	42	46	46	46	46

For each new nonviolent class D felony, the department estimates three people could 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 could be served in prison with 1.7 years to first release. The remaining 2.2 years could be on parole. Probation sentences could be 3 years.

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

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	3	3	3	3	3	3	3	3	3	3
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	5	5	5	5	5	5	5	5	5	5
Change (After Legislation - Current Law)										
Admissions	3	3	3	3	3	3	3	3	3	3
Probations	5	5	5	5	5	5	5	5	5	5
Cumulative Populations										
Prison	3	6	8	8	8	8	8	8	8	8
Parole			1	4	7	7	7	7	7	7
Probation	5	10	15	15	15	15	15	15	15	15
Impact										
Prison Population	3	6	8	8	8	8	8	8	8	8
Field Population	5	10	16	19	22	22	22	22	22	22
Population Change	8	16	24	27	30	30	30	30	30	30

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 could be served in prison with 1.4 years to first release. The remaining 1.3 years could be on parole. Probation sentences could be 3 years.

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

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
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

Combined Cumulative Estimated Impact

The combined cumulative estimated impact on the department is 30 additional offenders in prison and 52 additional offenders on field supervision by FY 2030.

Change in prison admissions and probation openings with legislation

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	9	9	9	9	9	9	9	9	9	9
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	13	13	13	13	13	13	13	13	13	13
Change (After Legislation - Current Law)										
Admissions	9	9	9	9	9	9	9	9	9	9
Probations	13	13	13	13	13	13	13	13	13	13
Cumulative Populations										
Prison	9	18	25	29	30	30	30	30	30	30
Parole	0	0	2	6	13	18	23	24	25	25
Probation	13	26	39	39	39	39	39	39	39	39
Impact										
Prison Population	9	18	25	29	30	30	30	30	30	30
Field Population	13	26	41	45	52	57	62	63	64	64
Population Change	22	44	66	74	82	87	92	93	94	94

	# 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	9	(\$10,485)	(\$78,637)	0	\$0	13	(\$78,637)
Year 2	18	(\$10,485)	(\$192,504)	0	\$0	26	(\$192,504)
Year 3	25	(\$10,485)	(\$272,715)	0	\$0	41	(\$272,715)
Year 4	29	(\$10,485)	(\$322,676)	0	\$0	45	(\$322,676)
Year 5	30	(\$10,485)	(\$340,479)	1	(\$97,473)	52	(\$437,951)
Year 6	30	(\$10,485)	(\$347,288)	1	(\$89,477)	57	(\$436,766)
Year 7	30	(\$10,485)	(\$354,234)	1	(\$90,430)	62	(\$444,664)
Year 8	30	(\$10,485)	(\$361,319)	1	(\$91,395)	63	(\$452,714)
Year 9	30	(\$10,485)	(\$368,545)	1	(\$92,370)	64	(\$460,915)
Year 10	30	(\$10,485)	(\$375,916)	1	(\$93,357)	64	(\$469,273)

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 \$28.73 per day or an annual cost of \$10,485 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 \$100.25 per day or an annual cost of \$36,591 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 impact for fiscal note purposes.

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. However, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Office of the State Public Defender (SPD)** state per the National Public Defense Workload Study, the new charge contemplated by this change to Section 570.148 creating a class B or C felony, would take approximately fifty-seven hours of SPD work for reasonably effective representation. If one hundred cases were filed under this section in a fiscal year, representation would result in a need for an additional three attorneys. Because the number of cases that will be filed under this statute is unknown, the exact additional number of attorneys necessary is unknown. Each case would also result in unknown increased costs in the need for core staff, travel, and litigation expenses.

Oversight assumes this proposal will not create the number of new cases required to request additional FTE for the SPD 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.

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the proposal will have no measurable fiscal impact on MOPS. The enactment of a new crime creates additional responsibilities for county prosecutors and the circuit attorney which may, in turn, result in additional costs, which are difficult to determine.

Officials from the **Department of Commerce and Insurance**, the **Department of Public Safety - Missouri Highway Patrol**, and the **Office of the State Courts Administrator** each assume 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.

<u>FISCAL IMPACT</u> <u>- State</u> <u>Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2030)
GENERAL REVENUE				
Cost – DOC (\$570.148)				
Personal Service	\$0	\$0	\$0	(\$48,736)
Fringe Benefits	\$0	\$0	\$0	(\$35,967)
Exp. & Equip.	\$0	\$0	\$0	(\$12,770)
Increased incarceration costs	(\$78,637)	(\$192,504)	(\$272,715)	(\$340,479)
Total Cost - DOC	(\$78,637)	(\$192,504)	(\$272,715)	(\$437,951)
FTE Change - DOC	0 FTE	0 FTE	0 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$78,637)	(\$192,504)	(\$272,715)	(\$437,951)

<u>FISCAL IMPACT</u> <u>- Local</u> <u>Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2030)
	\$0	\$0	\$0	\$0

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

FINANCIAL INSTITUTIONS (Section 570.148)

This act creates the offense of financial institution accounts fraud. A customer or third party commits this offense if the customer or third party accesses, uses, or establishes an account at the financial institution and uses any false or fraudulent pretenses, representations, or promises, or any device, item, scheme, artifice, trick, or coercion to cause funds to be withdrawn or taken from a financial institution or a customer account at a financial institution or to cause funds to be transferred or paid by the financial institution to another person or another financial institution with the purpose to deprive the financial institution or the customer of the custody or control of the funds.

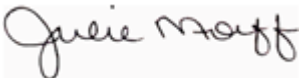
The offense of financial institution accounts fraud is punishable as a class B misdemeanor for any amount up to \$500. For any amount of \$500 or more, the offense is punishable as follows:

- If a person acts purposefully it is a class B felony;
- If a person acts knowingly it is a class C felony;
- If a person acts recklessly it is a class D felony; and
- If a person acts with criminal negligence it 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 Commerce and Insurance
Department of Corrections
Department of Public Safety
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Office of the State Public Defender



Julie Morff
Director
January 30, 2025



Jessica Harris
Assistant Director
January 30, 2025