COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0678S.04T
Bill No.: Truly Agreed To and Finally Passed SS for SCS for SB 98
Subject: Banks and Financial Institutions; Crimes and Punishment
Type: Original
Date: June 23, 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	Could exceed ($78,637)	Could exceed ($87,456,568)	Could exceed ($87,536,779)	Could exceed ($87,702,015)
Total Estimated Net Effect on General Revenue	**Could exceed ($78,637)**	**Could exceed ($87,456,568)**	**Could exceed ($87,536,779)**	**Could exceed ($87,702,015)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
Division of Finance Fund (0550)*	Unknown	Unknown	Unknown	Unknown
Total Estimated Net Effect on Other State Funds	**Unknown**	**Unknown**	**Unknown**	**Unknown**

*The number of unlicensed virtual currency kiosk operators is unknown as well as the money transmitter license fee to be charged by DCI; therefore, the potential revenue generated from current unlicensed virtual currency kiosk operators is unknown, likely, to be less than $250,000.
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

§§143.081 & 143.341- Taxation of Estates & Trusts

Officials from the **Department of Revenue (DOR)** note this proposal would change how resident estates and trusts are taxed. Currently, a resident estate or trust is one in which the estate or trust was created at the time of the owner's death, and they were a Missouri resident at their death. The estate or trust is required to file fiduciary tax on behalf of the estate or trust. Section 143.311 requires that resident estates and trusts are taxed the same as individuals when paying income tax. Additionally, the statutes specify that the fiduciary tax rate is the same rate as the individual income tax rate of 4.7% in tax year 2025.

The Missouri taxable income of a resident estate or trust means its federal taxable income with the following adjustments. The estate or trust can subtract the allowable federal personal exemption deduction and can make adjustments to their federal taxable income per Section 143.341. This proposal would add another subtraction to Section 143.341.

This will require resident estates and trusts to make a new hypothetical determination in order to calculate their Missouri taxable income. The new hypothetical determination is "the amount included in Missouri taxable income of the estate or trust that would not be included as Missouri taxable income pursuant to section 143.381, as if said estate or trust were considered a nonresident estate or trust as defined in section 143.371." Therefore, the Missouri resident trust would get a nonresident credit.

This proposal attempts to allow a resident estate or trust to include in its Missouri taxable income only items of income, gain, loss, or deduction from sources within Missouri, and additionally, receive a benefit from a credit for income tax paid to another state under section 143.081. This would allow them to limit their income to Missouri-sourced income and get a full credit for the income. This would end up treating all estates as if they are nonresident estates.

This proposal may reduce the amount of income that a resident estate or trust could owe in tax. DOR notes that in fiscal year 2024, DOR collected $87,264,064 in fiduciary tax. DOR is unable to estimate the actual amount that could be reduced by assumes it could be up to the $87,264,064 currently collected.

This would require DOR to modify the department's MO-1041 at a cost of $2,200. This will also require the department's computer system to be updated at a cost of $7,327.

Oversight notes the DOR requests one-time cost for website income-tax changes and updates to comply with the proposed language; however, Oversight notes that DOR receives appropriation for routine website updates and will not show those costs in the fiscal note.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would allow Missouri estates and trusts to subtract the Missouri apportioned income from their Missouri taxable income, starting with tax year 2026.

B&P notes that this essentially allows estates and trusts to eliminate their Missouri income tax by classifying all income as earned outside of Missouri. Missouri collected $87,264,064 in fiduciary tax during FY24. Therefore, B&P estimates that this proposal will reduce TSR and GR by up $87,264,064 annually beginning FY27 (for tax year 2026 income).

Oversight notes officials from B&P and DOR both assume the proposal will have a direct fiscal impact on state revenues. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact as provided by DOR and B&P in the fiscal note.

Repeals §447.200 and implements §§361.909, 362.020, 362.247, 362.275, 362.295, 362.424, 362.490, 370.245, 381.410, and 427.300 – Certain financial organizations

Officials from the **Department of Commerce and Insurance (DCI)** assume the proposal will have no fiscal impact on their organization. Upon further inquiry, the DCI -Division of Finance stated there will be no impact to the division of finance and this will not create or lessen what goes to unclaimed property.

Officials from the **City of Kansas City** state Section 362.490 may have a negative fiscal impact of an indeterminate amount.

Oversight assumes any potential impact to the City of Kansas City will be minimal and absorbable within current funding levels.

§361.1100 – Virtual currency

Officials from the **Department of Commerce and Insurance** assume the proposal will have no fiscal impact on their organization.

Oversight assumes Subsection 361.1100.18 requires all unlicensed virtual currency kiosk operators to apply for a money transmitter license. If denied by the department, all unlicensed virtual currency kiosk operators will be required to cease operation.

Oversight notes, according to DCI, the number of unlicensed virtual currency kiosk operators is unknown. DCI states the Division of Finance is in the process of drafting an administrative rule to establish the money transmitter license fees. Money transmitter license fees are deposited into the Division of Finance Fund (0550).

Since the number of applicants and the license fee to be charged are both unknown, for fiscal note purposes, Oversight will reflect a positive unknown revenue to the Division of Finance Fund (0550). Oversight assumes the revenue generated will be less than $250,000.

§570.148 – Financial institution accounts fraud

Officials from the **Department of Corrections (DOC)** state this proposal creates a new offense of financial institution accounts fraud when a person uses any false or fraudulent pretenses, representations, or promises, or any physical device, any electronic device or means of any kind, or any fraudulent scheme or coercion to cause moneys to be withdrawn or taken from a financial institution or a customer account at a financial institution or to cause moneys 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 financial institution's customer of the custody or control of the moneys. It is a class E felony when it is more than $500 and the person acted with criminal negligence. It is a class D felony when it is more than $500 and the person acted recklessly. It is a class C felony when it is more than $500 and the person acted knowingly. It is a class B felony when it is more than $500 and the person acted purposefully.

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**

<u>Combined Cumulative Estimated Impact</u>

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 the State Public Defender (SPD)** state per the recently released National Public Defense Workload Study, the new charge contemplated by this change to Chapter 570, 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 [570.148] creates additional responsibilities for county prosecutors and the circuit attorney which may, in turn, result in additional costs, which are difficult to determine.

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.

Officials from the **Office of the Secretary of State (SOS)** note 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.

Responses regarding the proposed legislation as a whole

Officials from the **Office of State Courts Administrator (OSCA**) state there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Oversight notes OSCA assumes this proposal may have some impact on their organization although it can't be quantified at this time. As OSCA is unable to provide additional information regarding the potential impact, Oversight assumes the proposed legislation will have a $0 to (Unknown) cost to the General Revenue Fund. For fiscal note purposes, Oversight also assumes the impact will be under $250,000 annually. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note. If additional information is received, Oversight will review it to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

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 **Department of Public Safety - Missouri Highway Patrol**, the **Missouri Ethics Commission**, the **Office of Administration**, and the **Office of the State Treasurer** 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, county treasurers, and county clerks 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.

FISCAL IMPACT – State Government	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2030)
GENERAL REVENUE				
Cost – DOC (§570.148) p. 5-9				
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
Cost – OSCA (various sections) Potential cost relating to the offense of financial institution accounts fraud p. 9-10	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Loss – DOR/BAP (§143.341) p. 3-4 Changes to the taxation of estates and trusts	$0	Up to ($87,264,064)	Up to ($87,264,064)	Up to ($87,264,064)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**Could exceed ($78,637)**	**Could exceed ($87,456,568)**	**Could exceed ($87,536,779)**	**Could exceed ($87,702,015)**
Estimated Net FTE Change on General Revenue	0 FTE	0 FTE	0 FTE	1 FTE

FISCAL IMPACT – State Government	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2030)
DIVISION OF FINANCE FUND (0550)				
Revenue – DCI (§361.1100) p. 4 Virtual Currency Kiosk License Fee	Unknown	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT TO THE DIVISION OF FINANCE FUND	**Unknown**	**Unknown**	**Unknown**	**Unknown**

FISCAL IMPACT – Local Government	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2030)
	$0	**$0**	**$0**	**$0**

FISCAL IMPACT – Small Business

By modifying the articles of agreement applicable to bank or trust companies, certain bank or trust companies could have a fiscal impact as a result of this proposal.

Allowing certain banks and trust companies to issue additional shares of capital stock under certain conditions could have a fiscal impact on small businesses as a result of this proposal. (§362.020)

Small business real estate settlement agents and title insurance agents could be impacted by this proposal. (§381.410)

Changing some of the requirements a virtual currency kiosk operator will be required to comply with, a direct fiscal impact to small businesses that use a virtual currency kiosk could be expected as a result of this proposal. (§361.1100)

FISCAL DESCRIPTION

This act modifies various provisions relating to financial institutions.

USE OF DEBIT AND CREDIT CARDS BY CAMPAIGN COMMITTEES (Sections 130.011 through 130.041)
For purposes of campaign finance law, the act permits the use of credit cards and debit cards by committees that are authorized and paid for through the official depository account. The records and accounts of each committee, required to be maintained by the treasurer of the committee, shall contain the credit card statements and records. Furthermore, expenditure reports made to the Missouri Ethics Commission must indicate the total dollar amount of expenditures made by credit card or debit card.

TAXABLE INCOME OF TRUSTS AND ESTATES (Sections 143.081 and 143.341)
Beginning January 1, 2026, an income tax deduction shall be included for the amount in the Missouri taxable income of the estate or trust that would not be included as Missouri taxable income if the estate or trust were considered a nonresident estate or trust. This deduction shall only apply to the extent it is not a determinant of the federal distributable net income of the estate or trust.

Additionally, current law authorizes a taxpayer to claim a tax credit for income tax paid to another state on income that is also taxable in Missouri. This act provides that such credit shall be allowed with respect to any estate or trust of which the Missouri adjusted gross income is excluded from Missouri taxable income according to this act.

MONEY TRANSMISSION MODERNIZATION ACT OF 2024 - PAYROLL PROCESSING SERVICE EXEMPTION (Section 361.909)
The Money Transmission Modernization Act of 2024 shall not apply to any person appointed as an agent of payor for payroll processing services who would otherwise need to be licensed by the Director of the Division of Finance within the Department of Commerce and Insurance if certain conditions specified in the act apply.

VIRTUAL CURRENCY KIOSK CONSUMER PROTECTION ACT (Section 361.1100)
This act creates the "Virtual Currency Kiosk Consumer Protection Act" which establishes certain requirements pertaining to and regulations governing virtual currency kiosk operators.

Each virtual currency kiosk operator must meet the following requirements:

• Operators must make certain disclosures upon establishing a relationship with a customer or prior to opening an account for a new customer, indicating the material risks associated with the products, services, and activities offered, as well as the terms and conditions of the services provided;
• Upon completing a transaction, an operator shall provide a receipt containing specific information, as detailed in the act;

• Operators shall operate live customer service weekdays between 8:00 a.m. and 10:00 p.m.;
• Operators must take steps to prevent fraud, as specified in the act, including by establishing and maintaining a written anti-fraud policy and by the use of blockchain analytics;
• Operators must maintain, implement, and enforce a written "Enhanced Due Diligence Policy";
• Operators must designate and employ a compliance officer with responsibilities as described in the act, and maintain, implement, and enforce written compliance policies and procedures;
• Operators must designate and employ a consumer protection officer, with responsibilities as described in the act.

Virtual currency kiosk operators are required to submit quarterly reports to the Division of Finance detailing the location of each virtual currency kiosk located in the state.

Virtual currency kiosk operators are deemed to be money transmitters and are required to be licensed under and comply with the Money Transmission Modernization Act of 2024.

The Director of the Division of Finance is permitted to request evidence showing compliance with this act as reasonably necessary or appropriate to administer the act. An operator is required to provide the Director with any records so requested.

All information or reports obtained by the Division from a virtual currency kiosk operator, and all information contained in or related to an examination, investigation, operating report, or condition report are confidential and not subject to disclosure under the Sunshine Law.

ARTICLES OF AGREEMENT (Section 362.020)
The act allows the articles of agreement for any bank or trust company to provide for the issuance of additional shares of capital stock or other classes of stock pursuant to the same procedures and conditions as provided under current law, provided that such terms and procedures are acceptable to the Director of Finance and provided that any notice or other approval required to be given or obtained from the State of Missouri shall be given or obtained from the Director of the Division of Finance.

BOARD MEETINGS (Sections 362.247 and 362.275)
The act allows directors to attend board meetings by phone or video unless otherwise specifically prohibited by law or by a memorandum of understanding entered into with the Director of Finances related to bank safety and soundness.

Additionally, a requirement that a fourth list required to be presented at board meetings related to tracking loans to directors, officers, and employees is repealed.

PUBLICATION OF FINANCIAL REPORTS (Section 362.295)
A provision requiring certain financial reports of a bank or trust company to be published in a newspaper is repealed and a provision is created in its place requiring a bank or trust company to provide a paper or electronic copy of any regular periodic report required to be filed with the Director of Finance to each customer that requests it.

TRUSTED CONTACTS (Sections 362.424 and 370.245)
This act allows any bank, as that term is defined in the act, and any credit union to report suspected fraudulent activity or financial exploitation targeting any of its customers or members to a federal, state, county, or municipal law enforcement agency or any appropriate public protective agency and shall be immune from civil liability in doing so.

Banks and credit unions are additionally allowed to offer a trusted contact program to its customers and members who desire to designate one or more trusted contacts for the bank to contact under certain circumstances delineated in the act. The trusted contact program is subject to restrictions as described in the act.

A bank or credit union shall not be liable for the actions of a trusted contact and shall not be civilly liable for implementing or not implementing a trusted contact program or for actions or omissions related to providing or administering a trusted contact program.

A person designated as a trusted contact who acts in good faith and exercises reasonable care shall be immune from liability.

SINGLE BANK POOLED COLLATERAL (Section 362.490)
This act creates an alternative for banking institutions serving as depositaries for public funds to secure their deposits in lieu of the method provided by current law, known as the "single bank pooled method." This method allows a banking institution to secure the deposit of public funds of one or more government entities through a pool of eligible securities held in custody and safe-keeping with one or more other banking institutions or safe depositaries, to be held subject to the order of the Director of the Division of Finance or an administrator, appointed as provided in the act, for the benefit of the government entities having public funds deposited with such banking institution. The act prohibits the use of the single bank pooled method absent the appointment of an administrator for that purpose, as provided in the act. Furthermore, the administrator may be required to post a surety bond in an amount up to $100,000.

The administrator of the single bank pooled method may establish such procedures and reporting requirements as necessary for depository banking institutions and their safe keeping banks or depositaries to confirm the amount of insured public fund deposits, the pledge of securities to the administrator to secure the deposit of public funds, as agent for each participating banking institution, and to monitor the market value of pledged securities as reported by the custody agents, and to add, substitute or remove securities held in the single bank pool as directed by the depository banking institution.

In the event of the failure and insolvency of a banking institution using the single bank pooled method, subject to any order of the director, the administrator shall direct the safe keeping banks or depositaries to sell the pledged securities and direct proceeds to the payment of the uninsured public fund deposits or to transfer the pledged securities to that banking institution's primary supervisory agency or the duly appointed receiver for the banking institution to be liquidated to pay out the uninsured public fund deposits.

USE OF CERTIFIED FUNDS (Section 381.410)
This act modifies the definition of "certified funds" for purposes of a statute regulating the use of certain funds by real estate settlement agents and title insurance agents.

COMMERCIAL FINANCING DISCLOSURE LAW (Section 427.300)
Current law contains various exemptions from the Commercial Financing Disclosure Law. This act adds commercial financing products that are premium finance agreements, as defined in current law, offered or entered into by a provider that is a registered premium finance company to that list.

DORMANT ACCOUNTS (Section 447.200)
The act repeals a provision of law relating to dormant accounts that requires certain financial institutions to notify the account holder of such dormancy.

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

<u>SOURCES OF INFORMATION</u>

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 Ethics Commission
Missouri Office of Prosecution Services
Office of Administration
Office of the Secretary of State
Office of the State Courts Administrator
Office of the State Public Defender
Office of the State Treasurer
City of Kansas City

Julie Morff
Director
June 23, 2025

Jessica Harris
Assistant Director
June 23, 2025

DD:LR:OD