

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1499S.05T
Bill No.: Truly Agreed To and Finally Passed SS for SCS for HB 754
Subject: Banks and Financial Institutions
Type: Original
Date: June 23, 2025

Bill Summary: This proposal modifies various provisions relating to financial organizations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue Fund*	(Unknown)	(Could substantially exceed \$87,456,843)	(Could substantially exceed \$87,460,069)
Total Estimated Net Effect on General Revenue	(Unknown)	(Could substantially exceed \$87,456,843)	(Could substantially exceed \$87,460,069)

*Oversight does not have enough information to estimate a loss to the state regarding §143.121 (deduction of capital gains from sale of gold and/or silver from MAGI); however, estimates from the Department of Revenue and the Office of Administration – Budget and Planning note this loss is unknown but potentially significant.

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

**The number of unlicensed virtual currency kiosk operators is unknown as well as the money for the 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
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Oversight notes DSS-FSD indicated this proposal could result in the loss of federal funding due to noncompliance (could exceed \$52.4 million). Oversight assumes this is speculative and will not include this estimate in the fiscal note.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§32.115 - Affordable Housing and Neighborhood Assistance Program

Officials from the **Department of Revenue (DOR)** note:

The Affordable Housing Tax Credit Program is a two-part credit with an \$11 million combined cap. The first part of the credit is for businesses that are making contributions to affordable housing. This part of the credit is limited to \$10 million of the cap. The second part of the credit is for businesses that make contributions to neighborhood organizations and this part of the credit is limited to \$1 million of the cap. This proposal allows the contributions to the neighborhood organizations to use any remaining cap space not used by the businesses making contributions to affordable housing. Therefore, the \$1 million cap can be increased if the \$10 million doesn't use all their allotment. Since this proposal just allows the sharing of a cap this would not have any additional fiscal impact on the state.

For informational purposes, the Department is providing the amount of the Affordable Housing Tax Credit that has been authorized, issued and redeemed over the last few years.

Year	Authorized	Issued	Total Redeemed
FY 2024	\$2,769,394.00	\$5,263,913.00	\$5,211,902.60
FY 2023	\$8,932,400.00	\$4,174,401.00	\$8,716,793.01
FY 2022	\$4,835,176.00	\$10,482,025.00	\$3,619,925.08
FY 2021	978,796.00	\$3,592,427.00	\$4,119,705.33
FY 2020	\$10,971,408.00	\$4,510,701.00	\$4,025,790.93
FY 2019	\$4,253,693.00	\$3,308,659.00	\$5,001,344.36
FY 2018	\$4,676,726.00	\$6,145,103.00	\$4,752,091.91
FY 2017	\$10,347,442.00	\$7,386,034.00	\$10,172,259.92
FY 2016	\$10,988,370.00	\$13,171,092.00	\$8,484,672.81
FY 2015	\$10,901,753.00	\$8,717,177.00	\$3,358,807.75
FY 2014	\$8,197,923.00	\$4,844,279.00	\$5,620,749.73
FY 2013	\$6,495,974.00	\$4,967,887.00	\$7,406,987.96
FY 2012	\$4,871,580.00	\$5,990,591.00	\$5,629,465.92

This proposal will not have a fiscal impact on the Department.

Oversight notes the Affordable Housing Assistance Tax Credit Program (AHAP) is an incentive for businesses and qualified individuals in Missouri to participate in the production of affordable housing for low-income families. The credit can be used by a business or qualified individual as

a reduction in their state tax obligation. To receive the AHAP credit, a business or qualified individual must donate cash, professional services, or real or personal property to a non-profit organization whose primary purpose is to provide affordable housing for low-income families.

Oversight notes that the average redemption between 2022-2024 was \$5,849,540.

Oversight notes that the proposal allows for transfer between the programs, as long as the program under Section 32.111 (AHAP) does not use the entire amount of \$10 million. Therefore, for the purpose of this fiscal note, Oversight will reflect a zero impact to the General Revenue and other state funds for this section, in the fiscal note.

Officials from the **Office of Administration - Budget and Planning** assume this provision will not impact TSR or the calculation under Article X, Section 18(e).

§§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 the **Office of Administration - Budget and Planning (B&P)** note this proposal would allow Missouri estates and trusts to subtract income earned outside of Missouri from their Missouri taxable income, starting with tax year 2026. In addition, the estates and trusts would still be able to claim the resident credit for taxes paid to other states on the income that they are exempting.

B&P noted 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 FY2. 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 DOR's and B&P's estimated impact in the fiscal note.

§143.121 - Capital Gains and MAGI

Officials from the **Office of Administration – Budget and Planning (B&P)** note this section would allow Missouri taxpayers to subtract any capital gains from the sale or exchange of gold and/or silver from the taxpayer's Missouri Adjusted Gross Income (MAGI), if such capital gains were included in the taxpayer's Federal Adjusted Gross Income (FAGI), beginning with tax year 2025.

B&P is unable to determine how much in capital gains is derived from the sales of gold and silver. Therefore, this provision could reduce TSR and GR by an unknown, could be significant, amount.

In response to a similar proposal from this year, B&P noted, the total amount of capital gains claimed during tax year 2022, the most recent complete year available, was \$4,162,253,341. If even 1% of the capital gains resulted from the sale or exchange of gold and/or silver, B&P estimates that the loss to GR would have been \$1,956,259 ($\$4,162,253,341 \times 1\% \times 4.7\%$). Therefore, B&P estimates that this provision may have an unknown, but significant, loss to TSR and GR beginning with FY27 (for tax year 2026 capital gains).

Officials from the **Department of Revenue (DOR)** state this proposal requires that a taxpayer be allowed to subtract the amount of capital gain they receive from the sale or exchange of “specie” from their Federal Adjusted Gross Income (FAGI) when calculating their Missouri Adjusted Gross Income (MAGI) thus lowering their taxable income. DOR notes this proposal says that the definition of “specie” is to use the definition in Section 408.010.

DOR notes that taxpayers report the sources of the capital gain on their federal tax returns and only their FAGI number is reported on the Missouri tax return. Therefore, DOR is unable to determine how much capital gain is reported from the sale or exchange of specie in Missouri.

The Internal Revenue Service SOI data for 2022 (the most complete year) shows that total capital gains reported on the returns for the State of Missouri equaled \$13,311,914,000. However, information from the federal returns provided to DOR by the IRS show just \$4 billion in capital gains reported. If just 1% of these capital gains were a result of specie this could result in a loss to general revenue of \$1,880,000 ($\$4 \text{ billion} * 1\% * 4.7\% \text{ tax rate}$) to \$6,256,600 ($\$13,311,914,000 * 1\% * 4.7\% \text{ tax rate}$).

This will require an additional line be added to the MO-A form (\$2,200), information would need to be added to their website and this would need to be added to their individual income tax computer system (\$7,327). These costs are estimated at \$9,527.

Oversight does not have enough information to estimate a loss to the state regarding §143.121 (deduction of capital gains from sale of gold and/or silver from MAGI); however, estimates from the Department of Revenue and the Office of Administration – Budget and Planning assume the loss could be significant. Therefore, Oversight will reflect an unknown loss that is “potentially significant”.

§361.1100 - Virtual Currency Provisions

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.

§408.010 - Legal Tender

Officials from the **Office of Administration - Budget and Planning (B&P)** state Section 408.010 would allow gold and silver coinage to be legal tender in Missouri. B&P notes that certain gold and silver coins are already considered legal tender under Federal law. However, federal law prohibits the use of privately created gold and/or silver coins from being used as currency.

This section requires DOR to promulgate rules for the method(s) of accepting gold/silver specie for debts owed to the state. This section also allows employers to pay employees in gold/silver specie, if the employee requests such pay.

B&P notes this section further prevents all state and local government bodies and courts from seizing any gold and silver held by a person, except as provided under the Criminal Activity Forfeiture Act. B&P notes that this would allow individuals and businesses to store or move assets into gold and/or silver in order to avoid having assets seized. This would allow taxpayers to move their assets to gold and/or silver coins in order to avoid paying back taxes to the state. Therefore, this provision may have a negative unknown impact to TSR, GR, as well as other state and local funds.

In response to similar legislation, SS/SCS/SB 735 (2024), officials from B&P stated in addition, state agencies would be required accept gold and silver at their spot price plus market premium, rather than at their par value. B&P notes that the spot price changes daily, which in turn impacts the market premium. B&P further notes that under current law the par value for gold is \$42.22 per ounce. While the spot price for gold on 2/2/2023 was \$1,932.00 and the spot price for silver was \$0.76 per gram. In addition, the market premium for gold is currently 2% - 3.75%. This proposal does not specify which rate the state should use when calculating a dollar value for the market premium. Therefore, on 2/2/2023 the state would have to accept an ounce of gold for \$ 1,070.64 to \$2,004.45 per ounce. B&P notes that because the spot price changes daily, it is possible that an agency could accept a certain dollar value of gold and/or silver one day, but receive a different amount when those assets were converted to dollars. Therefore, this provision may have an unknown impact on TSR, GR, and other state funds.

Officials from the **Department of Revenue (DOR)** state this provision allows specie legal tender and electronic currency to be accepted as legal tender in Missouri and shall be allowed for the payment of all debts, taxes, fees and obligations owed. This proposal does not specify that the specie be minted by the U.S. Mint or that the electronic currency be a currency that is considered legal tender. Therefore, this proposal would allow people to create their own coins and currency.

The State and DOR already accepts all coins minted by the U.S. Mint as they are considered legal tender. This includes the commemorative coins printed but not widely used in financial transactions. Additionally, DOR allows for the use of credit and debit cards that are based on physical currency.

DOR states they receive, process and deposit the majority of all state revenue. DOR receives sales tax, individual income tax, corporate tax and various taxes and fees collected by state agencies that are then brought to DOR for deposit. However, DOR does not accept and will continue to **not** accept any coinage that is in violation of 18 U.S. § 486. Acceptance of coins not considered legal tender per this federal statute can result in felony charges being brought by the Federal Government. While this proposal does not address the issue, DOR assumes they would only accept specie coins created by the U.S. Mint or Federal Government and can refuse any other coins.

This proposal would require the State of Missouri to accept specie legal tender and electronic currency as payment of any debt but requires the custody agent to transmit the funds to DOR in U.S. dollars. Therefore, this would allow a custody agency to accept gold or silver and transmit payment in dollars. From testimony on this proposal, it appears DOR could accept currently any credit/debit card that pays DOR in U.S. dollars.

DOR notes that most revenue collected by the state agencies is processed by DOR.

It should be noted that this provision would become effective on August 28, 2025.

Missouri would be the first state to accept specie legal tender and electronic currency not created by the Federal Government. While other states have passed laws providing their state with language allowing rolling compliance with acceptance of currency types like these should the federal government make these types of legal tender, none have allowed the paying of a currency that is not legal tender. Therefore, DOR is unable to obtain information as to the number of people wishing to use alternative currency or the costs of providing these alternatives.

This proposal in 408.010.6 prevents all state and local governmental bodies from seizing any specie legal tender or electronic currency that is owned by a person. If a taxpayer owes DOR back taxes, they will have the opportunity to move all their income to gold or silver and prohibit DOR from being able to collect the back taxes owed. DOR is unable to determine how much this will impede our collection efforts. This impact is expected to be unknown.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero to unknown cost to the general revenue fund as well as local governments in the fiscal note for the removal of gold and silver coins as seizable assets.

Officials from the **Department of Corrections (DOC)** state Section 408.010 would require the department to accept payment for debts in gold and silver. The legislation requires the department to bear the costs in determining the weight and purity of the gold and silver. The DOC currently processes approximately 93,000 payments a year for intervention fees and it is unknown what percentage of transactions would be moved to gold/silver. This legislation could create an unknown cost with the processing of payments and reconciling the value of the silver/gold, determined by the department with the value determined by the bank.

The proposed legislation would also require DOC to accept electronic currency for the payment of debts. The department would need to contract with a company to accept the electronic currency and have it converted to US dollars for deposit. Currently, the department's contracted bank does not accept deposits of gold and silver. Therefore, the DOC estimates an unknown impact.

Officials from the **Department of Social Services (DSS) – Family Support Division (DFS)** assume the proposed section 408.010 creates the “Constitutional Money Act” and requires that specie legal tender and electronic currency shall be accepted as legal tender for payment of all public debts, and may be accepted for all private debts hereafter contracted in the state of Missouri in discretion of the receiving entity.

The state of Missouri is required to accept specie legal tender and electronic currency as payment for any debt, tax, fee or obligation owed. Costs incurred in the course of verification of the weight and purity of any specie legal tender or electronic currency during any such transaction shall be borne by the receiving entity. No person or entity shall be required to use specie legal tender or electronic currency in the payment of any debt. Nothing in this act shall prohibit the use of Federal Reserve notes in the payment of any debt. If requested by an employee, any business entity in the state may pay compensation to such employee, in full or part, in the dollar equivalent specie legal tender either in physical or electronic transfer form. Any entity choosing to compensate its employees in specie legal tender shall be responsible for verifying the weight and purity of any physical specie legal tender prior to compensation.

All state and local government bodies and courts are prohibited from seizing any specie legal tender or electronic currency owned by a person, except as otherwise provided by law. All state and local government bodies and courts are prohibited from enforcing or attempting to enforce any federal acts, laws, executive orders, administrative orders, rules, regulations, statutes, or ordinances infringing upon a person's right to keep and use specie legal tender and electronic currency. All state and local government bodies and courts are prohibited from restricting the ability of a person or financial institution to acquire or use specie legal tender and electronic currency or enacting any law discriminating or favoring one means of legal tender in the course of a transaction over another means of legal tender.

Income Maintenance (IM):

Currently, FSD Income Maintenance (IM) does not accept any payment for any programs administered by IM. However, when an individual has been found to have incorrectly received benefits administered by FSD, a claim is filed and payment for the overpayment is submitted as repayment to the Department of Finance and Administrative Services (DFAS).

Child Support (CS):

Proposed subsection 408.010.2 would allow specie and electronic currency to be legal tender in Missouri.

This proposal will require the FSD CS program to accept specie and electronic currency as payment for child support obligations, for annual federal fee payments made by the obligor and for recovery payments. Child support payments are processed by FSD's State Disbursement Unit, the Family Support Payment Center (FSPC) which is run by FSD's contractor Systems & Method, Inc. (SMI). Fees and recovery payments are processed by the Division of Finance and Administrative Services (DFAS). FSD assumes specie legal tender to be precious metal (gold, silver, platinum and palladium) coin that is issued by the federal government and any other specie. FSD also assumes electronic currency is digital currency that encompasses any currency, money or money-like asset that is stored or exchanged on computer systems.

Under proposed 408.010.3, the FSD CS program will be required to accept specie legal tender and electronic currency. Specie coinage is a commodity that changes in value daily. Depending on the time it takes to convert the specie, the spot price could have changed leaving a balance or excess amount. Electronic currency (cryptocurrency) is influenced by supply and demand that creates a price volatility that could change the value. Depending on the time it takes to convert the electronic currency, the value of the currency could change leaving a balance or excess amount.

The FSD CS program is unable to determine how many people will want to pay with specie legal tender or electronic currency rather than other forms of payment but it is assumed it would be minimal. Currently, the FSD CS program has no experience or ability to accept specie legal tender or electronic currency as payment.

In order to comply with accepting specie legal tender, the FSD CS program would need to enter into a contract with a financial entity that would accept and convert the specie into a form of payment accepted by FSPC. FSD CS or the financial entity may also need to contract with an assayer that would be able to verify the weight and value of the purity of the specie.

In order to comply with accepting electronic currency, FSD assumes, for the purpose of this fiscal note, OA Accounting would enter into a contract with a financial broker that would accept electronic currency and convert the electronic currency into a form of payment accepted by FSD.

In order to comply with accepting specie legal tender, the FSD CS program would need to enter into a contract with a financial entity that would accept and convert the specie into a form of payment accepted by FSPC. FSD CS or the financial entity may also need to contract with an assayer that would be able to verify the weight and value of the purity of the specie.

In order to comply with accepting electronic currency, FSD assumes, for the purpose of this fiscal note, OA Accounting would enter into a contract with a financial broker that would accept electronic currency and convert the electronic currency into a form of payment accepted by FSD.

The FSD CS program notes that under 408.010.6 (1), obligors could move assets into specie legal tender or electronic currency in order to avoid having assets attached by the FSD CS

program for child support. It is unknown how many obligors may move assets into specie legal tender or electronic currency and the negative impact for this is unknown.

The FSPC collects and disburses payments for child support cases meeting the criteria under 454.530, RSMo, and 45 CFR 302.32. FSPC is required under federal and state law to disburse support payments within two business days after receipt. The FSD CS program would be required to process and disburse child support payments received in specie or electronic currency within the two-day time frame to be in compliance with the Title IV–D state plan. As the specie and electronic currency would have to be authenticated and converted into a form of payment accepted by the FSPC prior to the FSPC processing and disbursing the payment, the FSD CS program anticipates the processing time could exceed the two–day time frame required for payment disbursement thereby risking state compliance.

If the FSD child support program does not disburse payments within two business days of receipt, Missouri could have IV–D state compliance implications. Title IV–D state plan noncompliance will result in the loss of federal funding for the state’s child support program (\$52.4 million for FFY 2024). Having an approved Title IV–D state plan is a condition of eligibility for a Temporary Assistance for Needy Families (TANF) block grant under Title IV–A of the Social Security Act. If the Federal government determines Missouri’s IV–D state plan is noncompliant, Missouri’s TANF funding (\$216.3 million) could potentially be reduced. FSD is unsure how much the reduction in funding would amount to; therefore, this amount is not included in the overall fiscal impact of this legislation. In order to continue child support program services at its current level, any loss of federal funding would have to be replaced with general revenue. Therefore, the fiscal impact of non–compliance would range from \$0 to \$52.4 million general revenue.

FSD assumes that any form of electronic currency would need to be liquidated into cash form to be able to receive as payment. FSD assumes that a financial broker would be procured by the state of Missouri to handle this function for all departments.

FSD defers to OA-Accounting for the fiscal impact to receive electronic currency as a form of payment.

The FSD estimates that the impact of entering into a contract with a financial entity and/or assayer to process specie legal tender will be \$0 to \$100,000 per year.

Officials from the **Department of Social Services (DSS)** state the **MO HealthNet Division (MHD)** is unable to determine how many people will want to pay with gold and silver rather than other forms of payment. Currently, the MHD has no way to determine the verification of the weight and the value of the purity of the gold or silver upon acceptance. If a participant chooses to pay with either gold or silver, the MHD would have to seek out different options in order for that payment to be assessed, including but not limited to, seeking out an Assayer to determine its value. The MHD assumes these instances would be minimal and therefore, would be minimal to no impact to the MHD.

This proposal in 408.010.4 also prevents all state and local governmental bodies from seizing any gold or silver that is owned by a person. Per RSMo 473.398, MHD is directed to collect debts owed to the State related to Medicaid claims. If all or a portion of assets are in gold or silver, it could limit the amount MHD can collect. The MHD is estimating that up to 1% of collections could be impacted by this legislation. On average, the MHD collects around \$18 million per year. Therefore, the impact to MHD is \$0 to \$180,000 per year.

FY26: Total - \$0 - \$180,000

FY27: Total - \$0 - \$180,000

FY28: Total - \$0 - \$180,000

Therefore, the total DSS impact would be \$0 to \$280,000 per year.

In response to a similar proposal from this year (SB 25), officials from the **Kansas City** stated the Constitutional Money Act has a negative fiscal impact because of the cost of verification of weight and purity and it must be performed by an Assayer. Last year there were only four in Missouri and the average salary was \$61,000. Kansas City will not be to seize gold and silver. Therefore, if Kansas City has a judgment, the person can convert it to gold or silver and avoid taxes. The volatility of the market may also have a fiscal impact.

Officials from the **Office of the State Courts Administrator (OSCA)** assume 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 will reflect a potential cost to all state agencies as well as local political subdivisions of an unknown amount for the administrative burden of accepting, valuing, storing and depositing gold and silver payments.

Oversight notes DSS-FSD indicated this proposal could result in the loss of federal funding due to noncompliance. Oversight assumes this is speculative and will not include this estimate in the fiscal note.

Bill as a whole:

Officials from the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety (Director's Office and Missouri Highway Patrol)**, the **Office of the Governor**, the **Missouri Department of Agriculture**, the **Missouri Department of Agriculture**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Missouri National Guard**, the **Office of Administration**, the **Office of the State Treasurer**, the **Missouri Lottery Commission**, the **City of O'Fallon**, the **Phelps**

County Sheriff's Department, the **Branson Police Department**, the **Kansas City Police Department**, the **St. Louis County Police Department** 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.

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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Costs</u> – Various State Agencies potential cost to verify the weight and purity of any gold or silver coinage received as payment §408.010 (p. 6-13)	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – DOR Capital gains on the exchange of gold and silver now a deduction for MAGI calculation §143.121 (p. 5-6)	\$0	(Unknown – potentially significant)	(Unknown – potentially significant)
<u>Loss</u> – DOR Changes to the taxation of estates and trusts §143.341 (p. 4-5)	\$0	(Up to \$87,264,064)	(Up to \$87,264,064)
<u>Loss</u> – DOR Removal of gold and silver coins as seizable assets §408.010.6 (p. 6-13)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO GENERAL REVENUE	(Unknown)	(Could substantially exceed \$87,456,843)	(Could substantially exceed \$87,460,069)
DIVISION OF FINANCE FUND (0550)			
<u>Revenue</u> – DCI Virtual Currency Kiosk License Fee (p. 6)	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE DIVISION OF FINANCE FUND (0550)	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

*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.

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs – Local Political Subdivisions</u> Potential cost to verify the weight and purity of any gold or silver coinage received as payment §408.010.2 (p. 6-13)	(Unknown)	(Unknown)	(Unknown)
<u>Costs – Local Political Subdivisions</u> Removal of gold and silver coins as seizable assets §408.010.6 (p. 6-13)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

Changing credit union and banking customer standards could have a direct fiscal impact to small banks and financial institutions as a result of this proposal.

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

Small businesses that want to utilize gold and silver as currency would be impacted by this proposal.

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.

FISCAL DESCRIPTION

NEIGHBORHOOD ASSISTANCE PROGRAM TAX CREDIT (Section 32.115)

Current law authorizes a tax credit for business firms which engage in providing affordable housing assistance activities or market rate housing in distressed communities (Housing Credit), with the total amount of such tax credits not to exceed \$10 million in a fiscal year. Current law also authorizes a tax credit for business firms which make a contribution to a neighborhood organization that provides affordable housing assistance activities or market rate housing in

distressed communities (Contribution Credit), with the total amount of such tax credits not to exceed \$1 million in a fiscal year. This bill provides that any amount of the \$10 million in Housing Credits not authorized in a fiscal year can be authorized for Contribution Credits during the same fiscal year, provided that the total combined amount of Housing and Contribution credits must not exceed \$11 million during the fiscal year.

TAXATION (Sections 143.081 and 143.341)

Current law provides for a tax credit in the amount of any income tax imposed in another state on income that is subject to tax in Missouri. Under the bill, such credit is allowed with respect to any estate or trust to the extent its Missouri adjusted gross income is excluded from Missouri taxable income under the subtraction set forth below. For all tax years beginning on or after January 1, 2026, this bill provides for a subtraction of an amount included in Missouri taxable income of an estate or trust that would not be included as Missouri taxable income if the estate or trust were considered a nonresident estate or trust. The subtraction only applies to the extent it is not a determinant of the Federal distributable net income of the estate or trust.

INCOME TAXATION ON GOLD AND SILVER SPECIE (Section 143.121)

Currently, all purchases of bullion and investment coins are exempt from all State and local sales taxes. This bill additionally exempts from State income tax beginning on or after January 1, 2026, the portion of capital gain on the sale or exchange of gold and silver specie that are otherwise included in the taxpayer's Federal adjusted gross income.

MONEY TRANSMISSION MODERNIZATION ACT OF 2024 TO CERTAIN INDIVIDUALS (Section 361.909)

This bill exempts from the Money Transmission Modernization Act of 2024, a person appointed as an agent of a payor for purposes of providing payroll processing services for which the agent would otherwise need to be licensed by the Director of the Division of Finance within the Department of Commerce and Insurance, provided that the requirements detailed in the bill apply.

VIRTUAL CURRENCY KIOSK CONSUMER PROTECTION ACT (Section 361.1100)

This bill creates the "Virtual Currency Kiosk Consumer Protection Act" which establishes certain requirements governing virtual currency kiosk operators, as defined in the bill. Each virtual currency kiosk operator (Operators) must meet the following requirements:

(1) Operators must make certain disclosures upon establishing a relationship with a customer, when opening an account for a new customer, and prior to entering into an initial transaction for, or on behalf of, or with such customer, indicating all material risks associated with the products, services, and activities offered, as well as the terms and conditions of the services provided, all as detailed in the bill;

- (2) Prior entering into a virtual currency transaction with a customer, the operator must ensure a warning is disclosed to a customer in the form that is similar to the text included in the bill;
- (3) Upon completing a transaction, an operator must provide a digital or physical receipt containing specific information, specified in the bill;
- (4) Operators are required to use blockchain analytics software to assist with the prevention of sending purchased virtual currency to a digital wallet that is known to be affiliated with fraudulent activity at the time of a transaction;
- (5) Operators must provide live customer service, weekdays between 8:00 a.m. and 10:00 p.m. and the customer service toll-free number must be displayed on the virtual currency kiosk or the kiosk screens;
- (6) Operators must take steps to detect and prevent fraud, as specified in the bill, including by establishing and maintaining a written anti-fraud policy, as detailed in the bill;
- (7) Operators must maintain, implement, and enforce a written "Enhanced Due Diligence Policy", as explained in the bill;
- (8) Operators must designate and employ a compliance officer with responsibilities as specified in the bill, and maintain, implement, and enforce written compliance policies and procedures;
- (9) Operators must designate and employ a consumer protection officer, with responsibilities as provided in the bill.

Virtual currency kiosk operators are required to submit a report to the Division of Finance, within the Department of Commerce and Insurance, detailing the location of each virtual currency kiosk in the State of Missouri. 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. This bill requires any unlicensed virtual currency kiosk operator to apply for a money transmitter license within 60 days after this provision becomes effective. Any operator that applies within this time is allowed to continue operations while the Division reviews the application. Any application that is denied must cease operations until granted a money transmitter license.

The Director of the Division of Finance is permitted to request evidence showing compliance with this bill as reasonably necessary or appropriate to administer and enforce this bill, and other applicable laws such as the Bank Secrecy Act and the United States PATRIOT Act. An operator is required to provide the Director with any records as requested to ensure compliance with the provisions. All information or reports obtained by the Division of Finance 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.

BANK AND TRUST COMPANIES (Sections 362.020, 362.247, 362.275, and 362.295)

This bill modifies the requirements for articles of agreement applicable to bank or trust companies. The bill adds that the articles of agreement can include conditions and procedures relating to the issuance of additional shares of capital stock or other classes of stock, provided the terms and procedures are acceptable to the Director of Finance and notice or other approval

required to be given or obtained from the State of Missouri has been given or obtained from the Director of the Division of Finance.

Under current law, unless prohibited by statute or regulation, the board of directors can attend board meetings by telephone conference call or video conferencing, and the bank or trust company can include as a quorum, directors who are not physically present but are allowed to vote, provided the bank or trust company has a composite rating of one or two under the Uniform Financial Institutions Rating System of the Federal Financial Institution Examination Counsel (FFIEC).

This bill repeals reference to a prohibition by regulation and allows an order or memorandum of understanding entered into with the Director of Finance relating to bank safety and soundness to prohibit the directors attending the board meetings by phone or video. Further, the bill repeals reference to composite rating under the FFIEC.

Under current law, the board of directors is required to submit a list at the monthly meetings showing the aggregate of the existing indebtedness and liability to the bank or trust company of each of the directors, officers and their employees. This bill repeals this requirement.

The bill repeals the requirement for a bank or trust company to publish certain reports informing the public as to the financial condition and solvency of the bank or trust company in the newspaper. A bank or trust company can instead provide a paper or electronic copy of such reports that are required to be filed with the Department of Commerce and Insurance, to each customer, upon request.

TRUSTED CONTACTS (Sections 362.424 and 370.245)

This bill authorizes a bank to offer a trusted contact program, as defined in the bill, to customers who can designate one or more trusted contacts for the bank to contact in the event of an emergency, loss of contact with the customer, the customer is not responsive to bank communications, or suspected third party fraudulent activity or financial exploitation targeting the customer, or the account has been dormant and the bank is attempting to verify the status and location of the customer. A bank can report suspected fraudulent activity or financial exploitation targeting any of its customers to a Federal, State, county, or municipal law enforcement agency or any appropriate public protective agency and will be immune from civil liability in doing so.

Under the bill, a bank is not liable for the actions of a trusted contact. The bank is also not liable for declining to interact with a trusted contact if the bank determines such trusted contact is not acting in the best interests of the customer. The bill also allows a customer to withdraw the appointment of a trusted contact. The bank can request for documentation that supports the withdrawal or termination of a trusted contact.

No bank is civilly liable for implementing or not implementing, or for actions or omissions relating to providing a trusted contact program. The bill allows a credit union to offer a trusted contact program to members similar to that offered by a bank.

SINGLE BANK POOLED COLLATERAL (Section 362.490)

This bill 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 safekeeping 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 bill, for the benefit of the government entities having public funds deposited with the banking institution. The bill prohibits the use of the single bank pooled method absent the appointment of an administrator for that purpose, as provided in the bill. Furthermore, the administrator can be required to post a surety bond in an amount up to \$100,000.

The administrator of the single bank pooled method can establish the procedures and reporting requirements as necessary for depository banking institutions and their safekeeping 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 will direct the safekeeping 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 bill 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.

CONSTITUTIONAL MONEY ACT (Section 408.010)

The bill provides that specie legal tender and electronic specie currency, as those terms are defined in the bill, are accepted as payment for all public debts and can be received as payment for all private debts contracted for in the state of Missouri, in the discretion of the receiving entity.

Except as expressly provided by contract, no person or entity is required to use specie legal tender or electronic specie currency in the payment of any debt and nothing in this bill prohibits the use of Federal reserve notes in the payment of any debt.

At the request of an employee, an entity can pay compensation to the employee, in full or in part, in the dollar equivalent specie legal tender either in physical or in electronic transfer form. Any entity choosing to compensate its employees in specie legal tender will be responsible for verifying the weight and purity of any physical specie legal tender before compensating employees.

The bill also prohibits the State or any department, agency, court, political subdivision, or instrumentality thereof from:

- (1) Seizing from any person any specie legal tender or electronic currency that is owned by the person, except as otherwise provided by law. Any person whose specie legal tender or electronic specie currency is seized in violation of this provision will have a cause of action in a court of competent jurisdiction, with any successful such action resulting in the award of attorney's fees;
- (2) Enforcing or attempting to enforce any Federal acts, laws, executive orders, administrative orders, rules, regulations, statutes, or ordinances infringing on the right of a person to keep and use specie legal tender and electronic specie currency as provided in this bill;
- (3) Restricting in any way the ability of a person or financial institution to acquire specie legal tender or use specie legal tender or electronic specie currency in transactions; or
- (4) Enacting any law discriminating or favoring one means of legal tender in the course of a transaction over another means of legal tender.

COMMERCIAL FINANCING DISCLOSURE LAW (Section 427.300)

Current law contains various exemptions from the Commercial Financing Disclosure Law. This bill 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.

PRINCIPAL PLACE OF ADMINISTRATION OF A TRUST (SECTION 456.1-108)

This bill adds an additional requirement to the notice given by the trustee to qualified beneficiaries of a proposed transfer of a trust's principal place of administration that includes an explanation that a change in the place of administration can result in a change of governing law, which can affect the rights of beneficiaries in ways that are different from current law.

STATUTE OF LIMITATIONS ON ACTIONS AGAINST A TRUSTEE (SECTION 456.10-1005)

Currently, if a trustee has not furnished a report on potential claims or such report fails to meet the information requirements, a proceeding against a trustee for breach of trust must be

commenced within five years after the first of certain events. This bill modifies the provision by providing that such action must be commenced within the first of:

- (1) The removal, resignation, or death of the trustee;
- (2) The occurrence of the event causing a termination of the beneficiary's interest in the trust; or
- (3) The occurrence of the event causing a termination of the trust.

MISSOURI ELECTRONIC WILLS AND ELECTRONIC ESTATE PLANNING DOCUMENTS ACT (Sections 474.540 to 474.600)

This bill establishes the “Missouri Electronic Wills and Electronic Estate Planning Documents Act”, which provides for the execution of wills through electronic methods.

An electronic will is a will for all purposes of the laws of this State. An electronic will is a record that is readable, and remains accessible, as text at the time of signing by the testator or by another individual in the testator's name, in the testator's physical presence, and by the testator's direction. Additionally, an electronic will must be signed by at least two individuals in the physical or electronic presence of the testator within a reasonable amount of time after witnessing the signing of the will or acknowledgment of the will or signing. Furthermore, an electronic will that has not been executed in compliance with these requirements is still considered an electronic will under this bill if executed in compliance with the law of the jurisdiction where the testator is physically located when the will was signed or where the testator is domiciled or resides when the will is signed or upon his or her death.

The intent of the testator that the record be an electronic will can be established by extrinsic evidence. As provided in the bill, an electronic will can be made self-proving by acknowledgment of the testator. An electronic will can revoke all or part of a previous will and an electronic will is revoked by use of:

- (1) A subsequent will that revokes all or part of the electronic will expressly or by inconsistency;
- (2) A written instrument signed by the testator declaring the revocation; or
- (3) A physical act, if established by a preponderance of the evidence that the testator, with the intent of revoking all or part of the will, performed the act or directed another individual to perform the act in the testator's physical presence. Additionally, if there is evidence that a testator signed an electronic will, but neither the electronic will nor a certified paper copy can be located after a testator's death, there is a presumption that the testator revoked the electronic will, even if no instrument or later will revoking such electronic will can be located. At any time during the administration of the estate or as determined by the court if there is no grant of administration, the court can issue an order for a custodian of an account held under a terms-of-service agreement to disclose digital assets for purposes of obtaining an electronic will from the account of a deceased user.

Furthermore, this bill provides that any written estate planning document, as defined in the bill, can be executed electronically and no such estate planning document will be invalid or void solely because of its electronic form or electronic signatures. Any written estate planning document that requires one or more witnesses to the signature of a principal can be witnessed by

any individual in the electronic presence of the principal. Additionally, this bill provides that a person who acts in reliance upon an electronically executed written estate planning document is not regarded as liable to any person for so relying and can assume without inquiry the valid execution of the electronically executed written estate planning document.

A person can create a certified paper copy of an electronic will or an electronic estate planning document by affirming under penalty of perjury that a paper copy of the electronic estate planning document is a complete, true, and accurate copy of such document. The laws of the State of Missouri and principles of equity will apply to any electronic estate planning document apply to any electronic estate planning document, except as modified by the bill.

The provisions of this bill apply to the will of a decedent who dies on or after August 28, 2025, and to any written estate planning document signed or remotely witnessed on or after August 28, 2025.

This bill defines “applicable state of emergency” and specifies that certain estate planning documents, as defined in the bill, that were executed during the period between April 6, 2020, and December 31, 2021, during which a State of emergency existed due to COVID-19 and where executive orders temporarily suspended the physical appearance requirements and allowed the use of audio visual technology, will be deemed to have satisfied the physical presence requirements if certain requirements, specified in the bill, were met.

In addition, the bill defines “necessary person” and “physical presence requirement” and states that a necessary person satisfies any physical presence requirement under Missouri law during the State of emergency, if certain requirements are met, as detailed in the bill. Alternatively, the bill allows an attorney who is licensed and admitted to practice law in Missouri to execute a written acknowledgment based upon a form and content as specified in the bill, to satisfy the physical presence requirement.

DORMANT ACCOUNTS (Section 447.200)

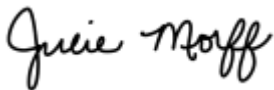
This bill repeals Section 447.200 regarding inactive consumer deposit accounts.

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

Department of Commerce and Insurance
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health

Department of Natural Resources
Department of Corrections
Department of Revenue
Department of Public Safety
 Office of the Director
 Missouri Highway Patrol
Department of Social Services
Office of the Governor
Missouri Department of Agriculture
Missouri Lottery Commission
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration - Budget and Planning
Office of the State Courts Administrator
Office of the Secretary of State
Office of the State Treasurer
Kansas City
City of O'Fallon
Phelps County Sheriff's Office
Branson Police Department
Kansas City Police Department
St. Louis County Police Department



Julie Morff
Director
June 23, 2025



Jessica Harris
Assistant Director
June 23, 2025