

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4424S.01I  
 Bill No.: SB 1324  
 Subject: Attorney General; Department of Commerce and Insurance; Consumer Protection;  
 Internet and E-Mail  
 Type: Original  
 Date: March 3, 2026

Bill Summary: This proposal creates regulations of artificially generated online content using artificial intelligence.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*/**	(Could exceed \$241,500)	(Could exceed \$290,200)	(Could exceed \$299,086)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$241,500)</b>	<b>(Could exceed \$290,200)</b>	<b>(Could exceed \$299,086)</b>

\* DCI may need new division/group including FTE, FBs, and E&E; unknown costs expected to exceed \$250,000 annually.

\*\*OSCA potential increase in costs assumed to be less than \$250,000 annually.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
State Highways and Transportation Department	(Could exceed \$1,938,026)	(Could exceed \$2,202,176)	(Could exceed \$2,206,199)
Merchandising Practices Revolving*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Could exceed \$1,938,026)</b>	<b>(Could exceed \$2,202,176)</b>	<b>(Could exceed \$2,206,199)</b>

\*Unknown civil penalty income could exceed \$250,000 annually.

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	0 or Unknown FTE	0 or Unknown FTE	0 or Unknown FTE
State Highways and Transportation Department	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Could exceed 2FTE</b>	<b>Could exceed 2FTE</b>	<b>Could exceed 2FTE</b>

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 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Attorney General’s Office** and **Missouri Office of Prosecution Services** did not respond to **Oversight’s** request for a statement of fiscal impact for this proposal.

#### §§407.3000 – 407.3006 – Artificially Generated Online Content Using Artificial Intelligence

Officials from the **Department of Commerce and Insurance (DCI)** state this proposed legislation creates the “Missouri Artificial Intelligence Transparency and Accountability Act.” The legislation requires people creating AI-generated content for public consumption label it as “AI-generated” in a prominent and conspicuous manner. The provisions of the Missouri Artificial Intelligence Transparency and Accountability Act shall be enforced by the Attorney General in accordance with the subsections of §407.3004.

The bill mandates that, after 180 days of the effective date, the DCI may promulgate rules to enforce the Act. These rules shall contain technical requirements for watermarks/labels, define acceptable formats for usage logs, and establish procedures for law-enforcement access to usage logs. The Department would also be required to launch a public awareness campaign to educate Missouri Residents about AI-generated content and the Artificial Intelligence Transparency and Accountability Act, as well as create an AI task force comprised of members from the general assembly, industry, academia, and consumer advocacy groups.

The authority given to the DCI in §407.3005 would have a fiscal impact on the department as a whole. It is unclear whether a group under the purview of DCI would handle this or if a new entity would need to be created within DCI. The fiscal impact is unknown at this time, but it is assumed the fiscal impact will exceed \$250,000 annually.

**Oversight** has no information to the contrary. However, Oversight notes the provisions of §407.3005 provide that the DCI may promulgate rules to enforce the provisions the proposal. Oversight assumes the potential of a “group under the purview of DCI” or the “creation of a new entity” would entail the hiring of additional personnel.

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. It is further assumed costs to Other State Funds will be \$241,500 for FY27; \$290,200 for FY28; and \$299,086 for FY29.

**Oversight** has no information to the contrary. Therefore, Oversight will present the fiscal impact of this proposal as provided by OA-ITSD.

Oversight notes that OA-ITSD did not identify what “Other State Funds” would be impacted by this proposal. Therefore, for fiscal note purposes, Oversight will present the impacts provided

against General Revenue. DCI's impact will be presented as \$0 or (Unknown) to General Revenue as well as 0 or Unknown additional FTE; OA-ITSD costs will also be presented as General Revenue costs.

Officials from the **Office of the State Courts Administrator (OSCA)** state this proposal may have some impact but there is no way to quantify that amount 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 or (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 **Department of Public Safety - Missouri Highway Patrol (MHP)** state the Patrol uses Artificial Intelligence (AI) for development of email, documents, and training materials. The Patrol will also be using AI for redaction and other applications. Preliminary estimates would be that the Patrol processes over 1,000,000 videos, several million documents, emails, and other files each year. Each of these files could need the watermark since they may be manipulated by an AI tool.

To add watermarks to each of those files/documents, the MHP would estimate around \$1.00 per watermark. The cost is assumed to exceed \$2,000,000 annually. This could also entail multimedia watermark software needing to be purchased or developed. This cost would be \$100,000 or more. Additionally, it would require at least 2 FTEs to track, add and log the work.

**Oversight** has no information to the contrary. Therefore, Oversight will present the fiscal impact of this proposal as provided by DPS-MHP as "could exceed" the amount provided for 2 FTE since additional FTE may be needed to process/watermark documents and files.

**Oversight** notes the provisions in §407.3004.1 provides that the Attorney General shall enforce the provisions of this proposal and if the court finds a violation occurred, the court may impose civil penalties between \$5,000 and up to \$100,000/violation for knowingly producing deepfakes without labeling and consent. Oversight also notes that civil penalties for merchandising practices violations (Chapter 407) are deposited in the Merchandising Practices Revolving Fund (1631). Oversight will reflect a \$0 or Unknown positive fiscal impact to the Merchandising Practices Revolving Fund. It is assumed additional collections resulting from these changes may exceed \$250,000 annually.

Officials from the **Department of Labor and Industrial Relations, Office of the State Public Defender, City of Kansas City, City of O’Fallon, Phelps County Sheriff, Branson Police Department, Kansas City Police Department, and 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.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, various local officials, and local law enforcement agencies were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

#### 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 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Cost – DCI (§407.3005) Potential need for new division/group including FTE, FBs, and E&amp;E p.3</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost – OA-ITSD (§§407.3003 to 407.3005) Software license, encrypted storage and admin &amp; compliance staff time p.3-4</u>	(\$241,500)	(\$290,200)	(\$299,086)
<u>Cost – OSCA (§§407.3003 to 407.3005) Potential increase in court costs p.4</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Could exceed \$241,500)</b>	<b>(Could exceed \$290,200)</b>	<b>(Could exceed \$299,086)</b>
Estimated Net FTE Change on General Revenue	0 or Unknown FTE	0 or Unknown FTE	0 or Unknown FTE
<b>STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND (1644)</b>			
<u>Cost – DPS-MHP (§407.3003) p.3-4</u>	Could exceed...	Could exceed...	Could exceed...
Personal service	(\$87,383)	(\$106,957)	(\$109,096)
Fringe benefits	(\$76,976)	(\$94,219)	(\$96,103)
Equipment and expense	(\$7,000)	(\$1,000)	(\$1,000)
<b>Total Costs – DPS-MHP</b>	<b>(\$171,359)</b>	<b>(\$202,176)</b>	<b>(\$206,199)</b>
FTE Change – DPS-MHP	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE
<u>Cost – DPS-MHP (§407.3003) Multimedia watermark software p.3-4</u>	(Could exceed \$100,000)	\$0	\$0
<u>Cost - DPS-MHP (§407.3003) Application of watermark to documents/files p.3-4</u>	(Could exceed \$1,666,667)	(Could exceed \$2,000,000)	(Could exceed \$2,000,000)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>ESTIMATED NET EFFECT ON STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND</b>	<b>(Could exceed <u>\$1,938,026</u>)</b>	<b>(Could exceed <u>\$2,202,176</u>)</b>	<b>(Could exceed <u>\$2,206,199</u>)</b>
Estimated Net FTE Change on the State Highways and Transportation Department Fund	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE
<b>MERCHANDISING PRACTICES REVOLVING FUND (1631)</b>			
<u>Revenue Gain</u> (\$407.3004) Civil penalties collected p.4	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON THE MERCHANDISING PRACTICES REVOLVING FUND</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

This proposal may impact small businesses that generate online content using artificial intelligence.

FISCAL DESCRIPTION

The act creates the "Missouri Artificial Intelligence Transparency and Accountability Act". Provisions of the act shall become effective on January 1, 2027.

Under the act, any person or entity creating AI-generated content shall label the content as "AI-generated". Labeling requirements are described in the act.

Any AI-generated content depicting a real individual shall include an additional disclaimer, as described in the act. Deployers, as defined in the act, shall verify the authenticity of the content before generating the content and shall obtain consent from the individual depicted in the content, except when the content is used for parody or satire.

Labels and watermarks on any AI-generated content shall be accessible to individuals with disabilities pursuant to current laws and guidelines, as described in the act. Certain exceptions apply as described in the act.

Developers and deployers shall maintain usage logs of all AI systems generating content distributed for public consumption. Requirements for the usage logs are described in the act. Any personal data of the usage logs shall be kept anonymous and protected under current laws, except when requested by law enforcement as described in the act.

The Attorney General shall enforce provisions of the act. Any person may report violations of the act to the Attorney General. If the Attorney General finds that a violation occurred, the Attorney General shall commence a civil action. The court may grant relief and civil penalties as described in the act.

The act shall not preclude an individual from bringing a private civil action for any violation of the act.

Individuals and entities that demonstrate good-faith compliance with the act may raise an affirmative defense to reduce civil penalties, provided they cure any violation within 30 days after receiving notice of the civil action.

Within 180 days after the effective date of the act, the Department of Commerce and Insurance may promulgate rules to enforce compliance with the act, as described in the act. The Department shall launch a public awareness campaign to educate Missouri residents about AI-generated content and the residents' rights under the act. The Department shall establish an AI Task Force, as described in the act.

Nothing in the act shall preempt any political subdivision from enacting stricter or more stringent ordinances, laws, or rules provided they do not conflict with provisions of the act.

The act has a severability clause.

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

#### SOURCES OF INFORMATION

Department of Commerce and Insurance  
Department of Labor and Industrial Relations

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Department of Public Safety - Missouri Highway Patrol  
Office of Administration – Information Technology Services Division  
Office of the State Courts Administrator  
Office of the Secretary of State  
Office of the State Public Defender  
City of Kansas City  
City of O’Fallon  
Phelps County Sheriff  
Branson Police Department  
Kansas City Police Department  
St. Louis County Police Department  
Joint Committee on Administrative Rules



Julie Morff  
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March 3, 2026



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