

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5639S.01I
Bill No.: SB 974
Subject: Advertising and Signs; Contracts and Contractors; Crimes and Punishment; Military Affairs; Veterans
Type: Original
Date: February 2, 2026

Bill Summary: This proposal modifies provisions relating to compensation for services rendered in veteran benefits matters.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*DOC notes that current capacity will be met by July 2029 (FY 2030) or potentially much sooner. Additionally, Oversight notes it would take approximately 23 offenders at the estimated incarceration rate of \$11,123 per year (\$250,000 / \$11,123) to reach the \$250,000 threshold. Oversight assumes the unknown cost has the potential to exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§42.028 – Compensation for Assisting with Veterans' Benefits

Officials from the **Office of the State Public Defender (SPD)** state per the National Public Defense Workload Study, the new charge contemplated by this change to §42.028 would take approximately thirty-five 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 attorney. Because the number of cases that will be filed under this statute is unknown, the exact additional number of attorneys necessary is unknown.

Oversight assumes this proposal will create a minimal number of new cases and that the SPD can absorb the additional caseload required by this proposal with current staff and resources. Therefore, Oversight will reflect no fiscal impact to the SPD for fiscal note purposes. However, if multiple bills pass which require additional staffing and duties, the SPD may request funding through the appropriation process.

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 (§42.028.10) creates additional responsibilities for county prosecutors and the circuit attorney which may, in turn, result in additional costs, which are difficult to determine.

Oversight notes this act provides that no person shall receive compensation for advising or assisting, or referring to another person for such purposes, any individual with regard to any veteran's benefits matter, as described in the act, unless such individual provides a written agreement containing the terms of the fees, provides certain disclosures, and complies with requirements under federal law. Additionally, no person shall advertise for such services without including a disclosure as specified in the act. Furthermore, no person shall receive compensation for any services rendered before the date on which a notice of disagreement is filed with the United States Department of Veterans Affairs and no person shall guarantee the receipt of specific veteran benefits. Any person who violates this act shall constitute an unlawful practice under §407.020 and any action authorized in sections §§407.010 to 407.130 may be taken. Oversight assumes this will have a minimal fiscal impact and will not present an impact for fiscal note purposes.

Officials from the **Department of Corrections (DOC)** state that SB 974 modifies provisions relating to compensation for services rendered in veteran benefits matters.

Section 42.028 creates provisions regarding persons providing assistance, advisement and consultation regarding veteran benefit matters and when compensation for such assistance can be received. A violation of this section is considered an unlawful merchandising practice under section 407.020 and any action authorized in sections 407.010 to 407.130 can be taken.

As the specific statute or penalty is not listed in this legislation, and it is unknown if any action would be taken, the department assumes the estimated fiscal impact is \$0 to Unknown.

The department will assume a marginal cost (multiplied by number of offenders) for any projected increase or decrease in the incarcerated population. Marginal cost is \$30.47 per day or an annual cost of \$11,123 per offender which includes costs such as medical, food, wages and operational E&E. The unknown amount is a result of the uncertainty in the growth of the underlying offender population. The impact of any new legislation combined with the growth of the underlying population could result in the tiered approach below in order to meet the population demands.

1. Fully staffing the current capacity (27,368) which is habitable, but DOC does not have the staffing resources for all bed space.
2. Rehabilitating current space that is not currently habitable and obtaining staffing resources for that space (requires capital improvements).
3. Expanding new capacity by adding housing units or wings to existing prisons and obtaining staffing resources for that space (requires capital improvements).
4. Constructing a new prison and obtaining staffing resources. Based on current construction projects in other Midwest states, the department estimates the cost of constructing a new 1,500-bed maximum security prison at approximately \$825 million to \$900 million plus annual operating costs of approximately \$50 million (requires capital improvements).

The department's population projections indicate current physical capacity will be met by July 2029; however recent trends indicate that capacity could be met much sooner. Should new construction be the result of the increasing offender population, the full cost per day per offender would be used which is \$106.96 or an annual cost of \$39,040. This includes all items in the marginal cost calculation plus fringe, personal service, utilities, etc.

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.

* 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.

DOC further states that the proposal could exceed \$250K due to current prison populations.

Oversight does not have any information contrary to that provided by DOC. Therefore, Oversight will reflect DOC's unknown impact for fiscal note purposes. DOC assumes this cost could exceed the \$250,000 threshold.

Officials from the **Department of Commerce and Insurance, Office of the State Courts Administrator, Department of Public Safety - Missouri Veterans Commission, and Missouri National Guard** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above-mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DOC (\$42.028) Increased incarceration costs p.3-4</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

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

FISCAL IMPACT – Small Business

This proposal may negatively impact certain small businesses that currently provide services to veterans for a fee.

FISCAL DESCRIPTION

This act provides that no person shall receive compensation for referring an individual to another person to advise or assist the individual with any veterans benefits matter, which is described in

the act. Additionally, no person shall receive compensation for any services rendered in connection with any claim filed within the one-year presumptive period of active-duty release.

A person seeking to receive compensation for advising, assisting, or consulting with any veterans benefits matter shall state the specific terms in a written agreement signed by both parties. Such compensation shall be purely contingent upon an increase in benefits and shall not exceed five times the amount of the monthly increase in benefits. Any initial or non-refundable fees or charges are prohibited by this act. Additionally, persons seeking to receive such compensation shall not utilize a medical professional with whom they have an employment or business relationship for a secondary medical exam.

This act further provides that no person shall guarantee a successful outcome or that any individual is certain to receive specific benefits or a specific level, percentage, or amount of benefits. Additionally, no person shall provide such services without including a written and oral disclosure, which is specified in the act. Such disclosure shall be retained for at least one year after the service relationship terminates.

Persons engaging in the initial claim preparation shall not utilize international call or data centers for processing veterans' personal information nor gain direct access to any personal medical, financial, or governmental benefits log-in, username, or password information.

A violation of this act shall constitute an unlawful practice under the Missouri Merchandising Practices Act.

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

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Corrections
Department of Public Safety – Missouri Veterans Commission
Missouri National Guard
Office of the State Public Defender
Office of the State Courts Administrator
Missouri Office of Prosecution Services

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