

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5687S.01I
 Bill No.: SB 1012
 Subject: Campaign Finance; Crimes and Punishment; Elections
 Type: Original
 Date: February 9, 2026

Bill Summary: This proposal creates new provisions relating to artificially generated content.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2031)
General Revenue*	(\$18,538 to Unknown)	(\$45,382 to Unknown)	(\$57,862 to Unknown)	(\$84,279 to Unknown)
Total Estimated Net Effect on General Revenue	(\$18,538 to Unknown)	(\$45,382 to Unknown)	(\$57,862 to Unknown)	(\$84,279 to Unknown)

*DOC notes that current capacity will be met by July 2029 (FY 2030) or potentially much sooner. Therefore, Oversight has made the decision to reflect the marginal cost of incarceration up to an unknown cost if DOC needs to add staff and/or rehabilitate, expand or construct additional capacity. 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	Fully Implemented (FY 2031)
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2031)
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 2027	FY 2028	FY 2029	Fully Implemented (FY 2031)
Total Estimated Net Effect on FTE	0	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	Fully Implemented (FY 2031)
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

*Revenue gain for school districts from penalty provisions.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Office of Prosecution Services** and **Office of the State Public Defender** did not respond to **Oversight's** request for fiscal impact for this proposal.

§573.120 – Penalty Provisions for Artificially Generated Content

Officials from the **Department of Corrections (DOC)** state this proposal adds section 573.120 which makes it a criminal offense to disclose or threaten to disclose a deepfake, especially if it is sexually explicit in nature.

Disclosure or threatened disclosure of a deepfake would be a class E felony, with it being a class B felony if it was sexually explicit.

As these are new crimes, there is little direct data on which to base an estimate, and as such, the department estimates an impact comparable to the creation of a new class E felony and a new class B felony.

New E-class felony

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.

The cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2029.

New B-class Felony

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 serve 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.

The cumulative impact on the department is estimated to be 5 additional offenders in prison and 0 additional offenders on field supervision by FY 2031.

Cumulative Impact of felonies

Together, it is estimated that the two new felonies could lead to 7 more offenders in prison and 7 more in field supervision by FY2031.

	# 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	2	(\$11,123)	(\$18,538)	0	\$0	2	(\$18,538)
Year 2	4	(\$11,123)	(\$45,382)	0	\$0	4	(\$45,382)
Year 3	5	(\$11,123)	(\$57,862)	0	\$0	7	(\$57,862)
Year 4	6	(\$11,123)	(\$70,823)	0	\$0	7	(\$70,823)
Year 5	7	(\$11,123)	(\$84,279)	0	\$0	7	(\$84,279)
Year 6	7	(\$11,123)	(\$85,965)	0	\$0	8	(\$85,965)
Year 7	7	(\$11,123)	(\$87,684)	0	\$0	9	(\$87,684)
Year 8	7	(\$11,123)	(\$89,438)	0	\$0	10	(\$89,438)
Year 9	7	(\$11,123)	(\$91,277)	0	\$0	11	(\$91,227)
Year 10	7	(\$11,123)	(\$93,051)	0	\$0	11	(\$93,051)

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.

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

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 **Missouri Highway Patrol** state the proposed legislation does not have a fiscal impact on their organization.

§130.165 - Creates New Provisions Relating to the Use of Artificial Intelligence (AI) in Elections

Officials from the **Missouri Ethics Commission** state the proposed legislation does not have a fiscal impact on the Missouri Ethics Commission. It is assumed this provision would result in a minimal number of complaints; however, if this assumption is incorrect the Commission may require additional staff resources.

Officials from the **Office of the Secretary of State** and **Office of the State Courts Administrator** assume this proposal will have no fiscal impact on their organization.

Officials from the **St. Louis City Board of Elections** assume this proposal will have no fiscal impact on their organization.

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.

Oversight notes that violations of section 130.165 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2031)
GENERAL REVENUE				
<u>Cost – DOC (\$573.120)</u> Increased incarceration costs	(\$18,538 to <u>Unknown</u>)	(\$45,382 to <u>Unknown</u>)	(\$57,862 to <u>Unknown</u>)	(\$84,279 to <u>Unknown</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$18,538 to <u>Unknown</u>)	(\$45,382 to <u>Unknown</u>)	(\$57,862 to <u>Unknown</u>)	(\$84,279 to <u>Unknown</u>)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2031)
LOCAL POLITICAL SUBDIVISIONS				
<u>Revenue Gain – School Districts</u> (\$130.165) Penalty revenue	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act creates new provisions relating to artificially generated content.

ELECTIONS (Section 130.165)

This act creates new provisions relating to the use of artificial intelligence (AI) in elections. Any political advertisement, electioneering communication, or other miscellaneous advertisement of a political nature that uses AI, in the manner that is described in the act, shall prominently include a disclaimer alerting the viewer that the media was created with the use of AI. The nature of the disclaimer is described in the act.

In addition to any civil penalties provided by law, a person identified in a disclaimer required by law as paying for, sponsoring, or approving any media covered by this act that is required to contain the disclaimer prescribed in this act and who fails to include the required disclaimer is guilty of a class A misdemeanor.

DEEPFAKES (Section 573.120)

The act creates the offense of producing a deepfake if the person discloses, or threatens to disclose:

- A deepfake of an individual who is under eighteen years of age; or
- An intimate deepfake.

Any such person shall be guilty of a class E felony in the case of a deepfake or a class B felony in the case of an intimate deepfake.

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 Corrections
Office of the Secretary of State
Missouri Ethics Commission
Missouri Highway Patrol

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Attorney General's Office
Office of the State Courts Administrator
St. Louis City Board of Elections

Julie Morff
Director

A handwritten signature in black ink, appearing to read "Jessica Harris". The signature is stylized with a large initial "J" and "H".

Jessica Harris
Assistant Director
February 9, 2026