COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.:   5687S.02C
Bill No.:   SCS for SB 1012
Subject: Campaign Finance; Crimes and Punishment; Elections
Type: Original
Date: March 10, 2026

Bill Summary: This proposal creates new provisions relating to artificial intelligence.

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 All 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.

<u>FISCAL ANALYSIS</u>

<u>ASSUMPTION</u>

<u>§1.2045 - AI Non-Sentience and Responsibility Act</u>

In response to similar legislation, HB 1746 (2026), officials from the **Department of Commerce and Insurance**, **Office of Administration** and the **Office of the State Courts Administrator** each assumed 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.

In response to similar legislation, HB 1749 (2026), officials from the **Attorney General's Office (AGO)** assumed 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.

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

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 **Platte County Board of Elections** and **St. Louis County Board of Elections** assume this proposal will have no fiscal impact on their organization.

In response to a previous version, officials from the **St. Louis City Board of Elections** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

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.

§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, 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.

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	# 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.

In response to a previous version, officials from the **Office of Attorney General (AGO)** assumed 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 **Office of the State Public Defender** state per the National Public Defense Workload Study, the new charge contemplated by this change to Section 573.120, creating a class B, would take approximately fifty-seven hours of SPD work for reasonably effective representation. If one hundred cases were filed under this section in a fiscal year, representation would result in a need for an additional three attorneys. Because the number of cases that will be filed under this statute is unknown, the exact additional number of attorneys necessary is unknown. Each case would also result in unknown increased costs in the need for core staff, travel and litigation expenses.

Oversight assumes this proposal will not create the number of new cases required to request additional FTE for the SPD and that the SPD can absorb the additional caseload required by this proposal with current staff and resources. Therefore, Oversight will reflect no fiscal impact to the SPD for fiscal note purposes. However, if multiple bills pass which require additional staffing and duties, the SPD may request funding through the appropriation process.

In response to a previous version, officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

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

Responses regarding the proposed legislation as a whole

Officials from the **Missouri House of Representatives** and **Missouri Senate** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

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.

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.

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FISCAL IMPACT – State Government	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2031)
GENERAL REVENUE				
Cost – DOC (§573.120) Increased incarceration costs p.5	($18,538 to Unknown)	($45,382 to Unknown)	($57,862 to Unknown)	($84,279 to Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**($18,538 to Unknown)**	**($45,382 to Unknown)**	**($57,862 to Unknown)**	**($84,279 to Unknown)**

FISCAL IMPACT – Local Government	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2031)
LOCAL POLITICAL SUBDIVISIONS				
Revenue Gain – School Districts (§130.165) Penalty revenue p.7	$0 or Unknown	$0 or Unknown	$0 or Unknown	$0 or Unknown
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	**$0 or Unknown**	**$0 or Unknown**	**$0 or Unknown**	**$0 or Unknown**

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 artificial intelligence.

ARTIFICIAL INTELLIGENCE SYSTEMS (Section 1.2045)
The act establishes the "AI Non-Sentience and Responsibility Act".

The act provides that an artificial intelligence (AI) system shall be declared a non-sentient entity. No government entity shall grant to an AI system the legal status of a personhood, nor be considered to possess consciousness, self-awareness, or similar traits of living beings. No AI system shall be recognized as a spouse or domestic partner, or designated, appointed, or serve as any officer, director, manager, or similar role within any company.

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AI systems shall not be recognized as legal entities capable of owning title to property, as described in the act. All assets associated with an AI system shall be attributed to human individuals or organizations responsible for the AI's development, deployment, or operation.

Any harm caused by an AI system shall be the responsibility of the owner or user of the AI system. Developers or manufacturers may be held liable if a defect in design, construction, or instructions causes harm, consistent with product liability principles.

Owners of AI systems shall maintain reasonable and documented oversight and control measures over any AI system if its outputs or recommendations could reasonably be expected to impact human welfare, property, or public safety. Failure to provide such oversight may constitute negligence or another basis of liability.

Developers, manufacturers, and owners of AI systems shall prioritize safety mechanisms to prevent harm to individuals or property, as described in the act.

Labeling an AI system as "aligned", "ethically trained", or "value locked" shall not excuse or diminish the owner's or developer's liability for harms.

If an AI system causes significant harm, courts may pierce the corporate veil to hold parent companies accountable for the harm, as described in the act. Liability protections under corporate law shall not be used to evade responsibility for direct harm caused by AI systems. Owners or developers of AI systems involved in reportable incidents shall notify the Attorney General and comply with any subsequent investigations.

The provisions of the act shall apply to all AI systems developed, owned, deployed, or operated on or after August 28, 2026.

ARTIFICIALLY GENERATED CONTENT (Sections 130.165 and 573.120)
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
Office of the State Public Defender
Attorney General's Office
Department of Commerce and Insurance
Office of Administration
Office of the State Courts Administrator
Joint Committee on Administrative Rules
Missouri House of Representatives
Missouri Senate
Platte County Board of Elections
St. Louis County Board of Elections

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