

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0108-03  
Bill No.: HB 594  
Subject: Agriculture and Animals; Banks and Financial Institutions; Secretary of State  
Type: Original  
Date: February 18, 2009

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Bill Summary: Adopts a central filing system for security interests relating to farm products.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	\$0	(\$193,390)	(\$29,776)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>(\$193,390)</b>	<b>(\$29,776)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Technology	\$0	\$0	\$59,800
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,800</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	0	0	1
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>1</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Administrative Hearing Commission, Office of State Courts Administrator, and Department of Natural Resources** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Agriculture (AGR)** assume the proposal would create some additional expense for their department to subscribe to the information so the AGR could check the status of the farm products for its loan applicants. The AGR estimates the following costs to the Missouri Agricultural and Small Business Development Authority (MASBDA):

Registration under Section 430.425(30) -	\$30
3 Subscriptions @ \$200 each -	\$600
10 Inquiries for loan applicants per month @ \$3.50 each-	<u>\$540</u>
Total Cost	\$1,170

**Oversight** assumes the MASBDA would charge these fees back to borrowers and the net impact would be \$0. **Oversight** also assumes the MASBDA has statutory authority and as a quasi governmental agency there would be no impact to state funds.

Officials from the **Office of Secretary of State (SOS) - Administrative Rules Division** state the fiscal impact for this proposal is less than \$2,500. The SOS realizes this is a small amount and does not expect that additional funding would be required to meet these costs. The SOS 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 that the office can sustain within 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.

Officials from the **SOS - Business Services Division** estimate (based on information obtained from the Missouri Bankers' Association) that there will be approximately 12,000 financing statements filed annually with the SOS. It is further assumed that the financing statements will be filed both online and by paper, with 50% utilization for each method. It is estimated that approximately 20% (1/5) of the filings will be terminations and lapses and 80% (4/5) will be new filings, continuations, or other amendments.

The Business Services Division will require 1 FTE Processing Technician II to process approximately 6,000 paper financing statements, respond to all searches and inquiries, conduct annual registration of those requesting reports and work with the vendor to produce special reports and lists as required by the legislation.

ASSUMPTION (continued)

It is assumed the central filing system will be incorporated into the Knowledge Base filing system used by the Business Services Division to process Uniform Commercial Code filings. This system was developed and is maintained by a third party vendor, FileOne. All current system development, enhancements and maintenance will be contracted to FileOne.

**Oversight** notes an effective date for this proposal of January 1, 2012 and FTE-related costs are for 6 months. Initial mailings in FY 11 will be performed by existing staff.

**This proposal will increase total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE FUND</b>			
<u>Costs - SOS</u>			
Personal service (1.0 FTE)	\$0	\$0	(\$12,288)
Fringe benefits	\$0	\$0	(\$5,976)
Equipment and expense	\$0	(\$3,590)	(\$6,232)
Contract programming and maintenance	\$0	(\$189,800)	(\$5,280)
Total <u>Costs - SOS</u>	\$0	(\$193,390)	(\$29,776)
FTE Change - SOS	0 FTE	0 FTE	1.0 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>(\$193,390)</u></b>	<b><u>(\$29,776)</u></b>
Estimated Net FTE Change for General Revenue Fund	0 FTE	0 FTE	1.0 FTE
<b>TECHNOLOGY FUND</b>			
<u>Income - SOS</u>			
Filing fees, registrations, etc.	\$0	\$0	\$59,800
<b>ESTIMATED NET EFFECT ON TECHNOLOGY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$59,800</u></b>

FISCAL IMPACT - Local Government

FY 2010  
(10 Mo.)

FY 2011

FY 2012

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal may impact small businesses that obtain loans through the Missouri Agricultural and Small Business Development Authority (MASBDA) if the MASABDA passes on fees paid to the SOS.

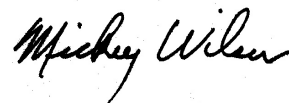
FISCAL DESCRIPTION

This proposal adopts a central filing system for security interests relating to farm products.

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 Agriculture  
Office of Administration -  
    Administrative Hearing Commission  
Office of State Courts Administrator  
Department of Natural Resources  
Office of Secretary of State -  
    Administrative Rules Division  
    Division of Business Services



Mickey Wilson, CPA

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