

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5038H.01I
Bill No.: HB 2475
Subject: Merchandising Practices; Contracts and Contractors; Business and Commerce;
Agriculture
Type: Original
Date: March 21, 2024

Bill Summary: This proposal changes the laws regarding consumer products so that certain individuals and businesses have a right to repair information from certain manufacturers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Courts Administrator** assume the proposal will have no fiscal impact on the judiciary.

Officials from the **Attorney General’s Office (AGO)** did not respond to our request for fiscal impact. However, in response to a similar proposal (SB 554 - 2023), officials from the AGO assumed any potential litigation costs arising from this proposal may be absorbed with existing resources. Because the volume of the litigation is unknown, the cost is also unknown. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation.

Oversight assumes the proposal would not have a material fiscal impact on the Office of the State Courts Administrator or the Attorney General’s Office.

Oversight notes subsection 407.653.13 allows for the AGO to collect a \$10,000 fine for violations of this section, payable to the school fund of the county in which the complaint arose. Oversight will reflect the possible fine revenue to local schools as \$0 or an unknown amount.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL SCHOOL DISTRICTS			
<u>Fine Revenue</u> – for violations of the act §407.653.13 - \$10,000 per violation	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

Small repair businesses or small businesses that need repair work completed could be impacted by this proposal.

FISCAL DESCRIPTION

This bill provides that owners of products purchased or used in Missouri and independent repair providers shall have the right to access the same diagnostic and repair information that manufacturers supply to authorized repair providers. Product owners shall also have the right to purchase service parts documentation, and tools from manufacturers in the same manner and time as those parts are given to authorized repair providers. A "product" is any farm machinery, construction machinery, or forestry machinery.

Product owners and independent repair facilities shall have the right to purchase all diagnostic repair tools from manufacturers on fair and reasonable terms. For equipment with electronic security lock or other security-related function, the manufacturer must make available to owners and independent repair providers, on fair and reasonable terms, any special documentation, tools, and parts needed to disable the lock or function and to reset it when disabled in the course of diagnosis, maintenance, or repair of the equipment. Upon purchase or acquisition, an owner has the right to receive disclosure of any modification made by the previous owners.

Products sold for security-related purposes may not be programmed to exclude diagnostic, service, or repair methods to reset a security-related electronic function. Manufacturers are not legally responsible for the content and functionality of such diagnostic repair tools so long as the manufacturers comply with the rest of the bill, the bill does not require the divulgence of a trade secret.

However, no manufacturer shall be required to provide repair information or service parts to a product owner if the product is still covered by a repair or replacement warranty.

The bill also provides a complaint provision for consumers and independent repair providers for violations of the bill and is punishable by a \$10,000 fine per violation. The Attorney General is required to enforce its provisions.

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

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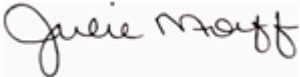
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SOURCES OF INFORMATION

Office of the State Courts Administrator
Attorney General's Office



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March 21, 2024



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