

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1495H.01P
Bill No.: Perfected HB 707
Subject: Crimes and Punishment; Criminal Procedure; Banks and Financial Institutions
Type: Original
Date: March 27, 2025

Bill Summary: This proposal establishes the offense of financial institution accounts fraud.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
General Revenue	(\$78,637)	(\$192,504)	(\$272,715)	(\$437,951)
Total Estimated Net Effect on General Revenue	(\$78,637)	(\$192,504)	(\$272,715)	(\$437,951)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
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 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
General Revenue	0 FTE	0 FTE	0 FTE	1 FTE
Total Estimated Net Effect on FTE	0 FTE	0 FTE	0 FTE	1 FTE

- ☒ 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 2026	FY 2027	FY 2028	Fully Implemented (FY 2030)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints of less, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§570.148 – Financial institution accounts fraud

Officials from the **Department of Corrections (DOC)** state this proposal establishes the offense of financial institution accounts fraud.

Section 570.148 is added to create the offense of financial institution accounts fraud. The offense is a class B misdemeanor if the fraud amount is less than five hundred dollars. The offense is a class E felony if the fraud amount is five hundred dollars or more and the person acts with criminal negligence. The offense is a class D felony if the fraud amount is five hundred dollars or more and the person acts recklessly. The offense is a class C felony if the fraud amount is five hundred dollars or more and the person acts knowingly. The offense is a class B felony if the fraud amount is five hundred dollars or more and the person acts purposefully.

Since misdemeanors fall outside the purview of DOC, there is no impact to DOC for the offense resulting in the class B misdemeanor.

The offenses resulting in class B, C, D, and E felonies could be considered new crimes. As there is little direct data on which to base an estimate, the department estimates an impact comparable to the creation of these new class B, C, D, and E felonies.

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.

Change in prison admissions and probation openings with legislation-Class E Felony (nonviolent)

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	1	1	1	1	1	1	1	1	1	1
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	2	2	2	2	2	2	2	2	2	2
Change (After Legislation - Current Law)										
Admissions	1	1	1	1	1	1	1	1	1	1
Probations	2	2	2	2	2	2	2	2	2	2
Cumulative Populations										
Prison	1	2	2	2	2	2	2	2	2	2
Parole			1	1	1	1	1	1	1	1
Probation	2	4	6	6	6	6	6	6	6	6
Impact										
Prison Population	1	2	2	2	2	2	2	2	2	2
Field Population	2	4	7	7	7	7	7	7	7	7
Population Change	3	6	9	9	9	9	9	9	9	9

For each new nonviolent class D felony, the department estimates three people could be sentenced to prison and five to probation. The average sentence for a nonviolent class D felony offense is 5 years, of which 2.8 years could be served in prison with 1.7 years to first release. The remaining 2.2 years could be on parole. Probation sentences could be 3 years.

Change in prison admissions and probation openings with legislation-Class D Felony (nonviolent)

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	3	3	3	3	3	3	3	3	3	3
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	5	5	5	5	5	5	5	5	5	5
Change (After Legislation - Current Law)										
Admissions	3	3	3	3	3	3	3	3	3	3
Probations	5	5	5	5	5	5	5	5	5	5
Cumulative Populations										
Prison	3	6	8	8	8	8	8	8	8	8
Parole			1	4	7	7	7	7	7	7
Probation	5	10	15	15	15	15	15	15	15	15
Impact										
Prison Population	3	6	8	8	8	8	8	8	8	8
Field Population	5	10	16	19	22	22	22	22	22	22
Population Change	8	16	24	27	30	30	30	30	30	30

For each new class C felony, the department estimates four people could be sentenced to prison and six to probation. The average sentence for a class C felony offense is 6.9 years, of which 3.7 years could be served in prison with 2.1 years to first release. The remaining 3.2 years could be on parole. Probation sentences could be 3 years.

Change in prison admissions and probation openings with legislation-Class C Felony

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	4	4	4	4	4	4	4	4	4	4
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	6	6	6	6	6	6	6	6	6	6
Change (After Legislation - Current Law)										
Admissions	4	4	4	4	4	4	4	4	4	4
Probations	6	6	6	6	6	6	6	6	6	6
Cumulative Populations										
Prison	4	8	12	15	15	15	15	15	15	15
Parole				1	5	9	13	13	13	13
Probation	6	12	18	18	18	18	18	18	18	18
Impact										
Prison Population	4	8	12	15	15	15	15	15	15	15
Field Population	6	12	18	19	23	27	31	31	31	31
Population Change	10	20	30	34	38	42	46	46	46	46

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.

Change in prison admissions and probation openings with legislation-Class B Felony

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	1	1	1	1	1	1	1	1	1	1
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	0	0	0	0	0	0	0	0	0	0
Change (After Legislation - Current Law)										
Admissions	1	1	1	1	1	1	1	1	1	1
Probations										
Cumulative Populations										
Prison	1	2	3	4	5	5	5	5	5	5
Parole						1	2	3	4	4
Probation										
Impact										
Prison Population	1	2	3	4	5	5	5	5	5	5
Field Population						1	2	3	4	4
Population Change	1	2	3	4	5	6	7	8	9	9

Combined Cumulative Estimated Impact

The combined cumulative estimated impact on the department is 30 additional offenders in prison and 52 additional offenders on field supervision by FY 2030.

Change in prison admissions and probation openings with legislation

	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	9	9	9	9	9	9	9	9	9	9
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	13	13	13	13	13	13	13	13	13	13
Change (After Legislation - Current Law)										
Admissions	9	9	9	9	9	9	9	9	9	9
Probations	13	13	13	13	13	13	13	13	13	13
Cumulative Populations										
Prison	9	18	25	29	30	30	30	30	30	30
Parole	0	0	2	6	13	18	23	24	25	25
Probation	13	26	39	39	39	39	39	39	39	39
Impact										
Prison Population	9	18	25	29	30	30	30	30	30	30
Field Population	13	26	41	45	52	57	62	63	64	64
Population Change	22	44	66	74	82	87	92	93	94	94

	# 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	9	(\$10,485)	(\$78,637)	0	\$0	13	(\$78,637)
Year 2	18	(\$10,485)	(\$192,504)	0	\$0	26	(\$192,504)
Year 3	25	(\$10,485)	(\$272,715)	0	\$0	41	(\$272,715)
Year 4	29	(\$10,485)	(\$322,676)	0	\$0	45	(\$322,676)
Year 5	30	(\$10,485)	(\$340,479)	1	(\$97,473)	52	(\$437,951)
Year 6	30	(\$10,485)	(\$347,288)	1	(\$89,477)	57	(\$436,766)
Year 7	30	(\$10,485)	(\$354,234)	1	(\$90,430)	62	(\$444,664)
Year 8	30	(\$10,485)	(\$361,319)	1	(\$91,395)	63	(\$452,714)
Year 9	30	(\$10,485)	(\$368,545)	1	(\$92,370)	64	(\$460,915)
Year 10	30	(\$10,485)	(\$375,916)	1	(\$93,357)	64	(\$469,273)

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.

If the projected impact of legislation is less than 1,500 offenders added to or subtracted from the department's institutional caseload, the marginal cost of incarceration will be utilized. This cost

of incarceration is \$28.73 per day or an annual cost of \$10,485 per offender and includes such costs as medical, food, and operational E&E. However, if the projected impact of legislation is 1,500 or more offenders added or removed to the department's institutional caseload, the full cost of incarceration will be used, which includes fixed costs. This cost is \$100.25 per day or an annual cost of \$36,591 per offender and includes personal services, all institutional E&E, medical and mental health, fringe, and miscellaneous expenses. None of these costs include construction to increase institutional capacity.

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.

Oversight does not have any information contrary to that provided by DOC. Therefore, Oversight will reflect DOC's impact for fiscal note purposes.

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. However, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

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.

In response to a previous version, officials from the **Office of the State Public Defender (SPD)** stated per the National Public Defense Workload Study, the new charge contemplated by this change to Section 570.148 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 **Missouri Office of Prosecution Services (MOPS)** assumed the proposal will have no measurable fiscal impact on MOPS. The enactment of a new crime creates additional responsibilities for county prosecutors and the circuit attorney which may, in turn, result in additional costs, which are difficult to determine.

In response to a previous version, officials from the **Department of Commerce and Insurance** 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.

House Amendment 1

Oversight assumes House Amendment 1 is a title change and will have no fiscal impact on state or local governments.

House Amendment 2

§§130.011, 130.021, 130.031, 130.036, and 130.041 – Campaign finance

In response to similar legislation from 2025 (HB 1158), officials from the **Missouri Ethics Commission** 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 these agencies.

§427.300 – Commercial Financing Disclosure Law

In response to a similar proposal from 2024 (SB 753), officials from the **Department of Commerce and Insurance (DCI)** stated there are very few companies that provide the types of commercial financing products described in this section, though the Division of Finance (DOF) does not have an exact number. When California passed something similar, they had two companies; DOF assumes Missouri will have less than five. The initial registration would be set at \$100 each, so up to \$500 total revenue in the first year. If all of the companies renewed annually, at \$50 each, subsequent years' revenue would be \$250. The registration process is not work-intensive and would cost about \$36.53 to process ($\frac{1}{2}$ hour for an AOSA @\$19.91/hour + $\frac{1}{2}$ hour for an Examiner @ \$53.15/hour = \$36.53). For five registrations, each year would cost \$182.61. Since there is no review or enforcement authority granted in the language, that is the extent of the fiscal impact.

	FY 2024	FY 2025	FY 2026
Revenue	\$0-\$500	\$0-\$250	\$0-250
Expense	(\$183-\$0)	(\$186-\$0)	(\$190-\$0)
Net Effect	\$0-\$317	\$0-\$64	\$0-\$60

Oversight assumes these amounts are not material and will not reflect them in the fiscal note.

In response to a similar proposal from 2023 (SB 187), officials from the **Attorney General's Office (AGO)** assumed no fiscal impact from the proposal.

House Amendment 3 - §361.909 – Payroll processing services

Oversight assumes House Amendment 3 is a technical fix and will have no fiscal impact.

House Amendment 4 - §§362.020, 362.247, 362.275, 362.295, 362.424, 362.490, 370.245, and 425.310 – Financial organizations

In response to similar legislation from 2025 (Perfected HB 754), officials from the **Department of Commerce and Insurance**, the **Department of Corrections**, the **Missouri Office of Prosecution Services**, the **Office of Administration**, the **Office of the State Courts Administrator**, the **Office of the State Public Defender**, the **Office of the State Treasurer**, and the **City of Kansas City** each assumed the proposal would 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.

Upon further inquiry, the **DCI -Division of Finance** stated there will be no impact to the division of finance and this will not create or lessen what goes to unclaimed property.

Responses regarding the proposed legislation as a whole

Officials from the **Department of Public Safety - Missouri Highway Patrol** and the **City of Osceola** each assume 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, and county treasurers were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT</u> <u>– State</u> <u>Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2030)
GENERAL REVENUE				
<u>Cost – DOC</u> <u>(\$570.148)</u>				
Personal Service	\$0	\$0	\$0	(\$48,736)
Fringe Benefits	\$0	\$0	\$0	(\$35,967)
Exp. & Equip.	\$0	\$0	\$0	(\$12,770)
Increased incarceration costs	(\$78,637)	(\$192,504)	(\$272,715)	(\$340,479)
Total Cost - DOC	(\$78,637)	(\$192,504)	(\$272,715)	(\$437,951)
FTE Change - DOC	0 FTE	0 FTE	0 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$78,637)	(\$192,504)	(\$272,715)	(\$437,951)
Estimated Net FTE Change on General Revenue	0 FTE	0 FTE	0 FTE	1 FTE

<u>FISCAL IMPACT</u> <u>– Local</u> <u>Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2030)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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


FISCAL DESCRIPTION

This proposal modifies provision relating to financial institutions.

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

Attorney General's Office
Department of Commerce and Insurance
Department of Corrections
Department of Public Safety
Missouri Ethics Commission
Missouri Office of Prosecution Services
Office of Administration
Office of the State Courts Administrator
Office of the State Public Defender
Office of the State Treasurer
City of Kansas City
City of Osceola



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