

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1499S.05A
Bill No.: SS for SCS for HB 754 with SA 1, SA 3, SA 4, & SA 5
Subject: Banks and Financial Institutions
Type: Original
Date: April 29, 2025

Bill Summary: This proposal modifies various provisions relating to financial organizations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue Fund*	(Could exceed \$668,080)	(Could substantially exceed \$87,456,843)	(Could substantially exceed \$87,460,069)
Total Estimated Net Effect on General Revenue	(Could exceed \$668,080)	(Could substantially exceed \$87,456,843)	(Could substantially exceed \$87,460,069)

*Oversight notes the stated amounts above (\$668,080 in FY 2026, and roughly \$193,000 per year thereafter) only reflect the administrative costs for the Department of Revenue to hire an Assayer in the verification of the weight and purity of any special legal tender or electronic currency as the state shall now accept gold and silver as payment. Any other state department that accepts payments may also incur similar costs, depending upon the rules promulgated by the DOR. Additionally, Oversight does not have enough information to estimate a loss to the state regarding §143.121 (deduction of capital gains from sale of gold and/or silver from MAGI); however, estimates from the Department of Revenue and the Office of Administration - Budget note this loss is unknown but potentially significant.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Division of Finance Fund (0550)**	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown	Unknown

**The number of unlicensed virtual currency kiosk operators is unknown as well as the money for the transmitter license fee to be charged by DCI, therefore, the potential revenue generated from current unlicensed virtual currency kiosk operators is unknown, likely, to be less than \$250,000.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Oversight notes DSS-FSD indicated this proposal could result in the loss of federal funding due to noncompliance (could exceed \$52.4 million). Oversight assumes this is speculative and will not include this estimate in the fiscal note.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE
Total Estimated Net Effect on FTE	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE

*DOR assumed the need for an additional FTE Assayer to verify the weight and purity of any gold or silver coinage during any such transaction as the state shall now accept gold and silver coins as payment as well as a Customer Service Representative. Other state departments that accept payments may also find the need for additional FTE for weight and purity verification as well as storage/handling.

☒ 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
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **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.

§§ 361.909, 362.020, 362.247, 362.275, 362.295, 362.424, 362.490, 370.245, 381.410, and 427.300 – Financial Organization Provisions

In response to a previous version, officials from the **Department of Commerce and Insurance**, the **Department of Public Safety - Missouri Highway Patrol**, the **Department of Corrections**, the **Office of the State Public Defender**, the **Office of Administration**, the **Office of the State Treasurer**, the **Office of the State Courts Administrator**, **Kansas City** and the **Missouri Office of Prosecution Services** 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.

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.

Senate Amendment 1- Taxation of Estates and Trust

Sections 143.081 & 143.341- Taxation of Estates & Trusts

Officials from the **Department of Revenue (DOR)** note this proposal would change how resident estates and trusts are taxed. Currently a resident estate or trust is one in which the estate or trust was created at the time of the owner's death, and they were a Missouri resident at their death. The estate or trust is required to file fiduciary tax on behalf of the estate or trust. Section 143.311 requires that resident estates and trusts are taxed the same as individuals when paying income tax. Additionally, the statutes specify that the fiduciary tax rate is the same rate as the individual income tax rate of 4.7% in tax year 2025.

The Missouri taxable income of a resident estate or trust means its federal taxable income with the following adjustments. The estate or trust can subtract the allowable federal personal exemption deduction and can make adjustments to their federal taxable income per Section 143.341. This proposal would add another subtraction to Section 143.341.

This will require resident estates and trusts to make a new hypothetical determination in order to calculate their Missouri taxable income. The new hypothetical determination is “the amount included in Missouri taxable income of the estate or trust that would not be included as Missouri taxable income pursuant to section 143.381, as if said estate or trust were considered a nonresident estate or trust as defined in section 143.371.” Therefore, the Missouri resident trust would get a nonresident credit.

This proposal attempts to allow a resident estate or trust to include in its Missouri taxable income only items of income, gain, loss, or deduction from sources within Missouri, and additionally, receive a benefit from a credit for income tax paid to another state under section 143.081. This would allow them to limit their income to Missouri-sourced income and get a full credit for the income. This would end up treating all estates as if they are nonresident estates.

This proposal may reduce the amount of income that a resident estate or trust could owe in tax. DOR notes that in fiscal year 2024, DOR collected \$87,264,064 in fiduciary tax. DOR is unable to estimate the actual amount that could be reduced by assumes it could be up to the \$87,264,064 currently collected.

This would require DOR to modify the department’s MO-1041 at a cost of \$2,200. This will also require the department’s computer system to be updated at a cost of \$7,327.

Oversight notes the DOR requests one-time cost for website income-tax changes and updates to comply with the proposed language; however, Oversight notes that DOR receives appropriation for routine website updates and will not show those costs in the fiscal note.

In response to a similar proposal from this year (HCS for HB 1259), officials the **Office of Administration - Budget and Planning (B&P)** noted this proposal would allow Missouri estates and trusts to subtract the Missouri apportioned income from their Missouri taxable income, starting with tax year 2026.

B&P noted that this essentially allows estates and trusts to eliminate their Missouri income tax by classifying all income as earned outside of Missouri. Missouri collected \$87,264,064 in fiduciary tax during FY2. Therefore, B&P estimates that this proposal will reduce TSR and GR by up \$87,264,064 annually beginning FY27 (for tax year 2026 income).

Oversight notes officials from B&P and DOR both assume the proposal will have a direct fiscal impact on state revenues. Oversight does not have any information to the contrary. Therefore, Oversight will reflect DOR’s and B&P’s estimated impact in the fiscal note.

Sections 456.1-108, 456.10-1005, 474.540, 474.542, 474.544, 474.546, 474.548, 474.550, 474.552, 474.554, 474.556, 474.558, 474.560, 474.562, 474.564 & 474.600 - Estate Planning

In response to a similar proposal, HCS for HB 176 (2025), officials from the **Department of Commerce and Insurance, Department of Health and Senior Services, Department of**

Mental Health, Department of Economic Development, Office of the State Courts Administrator and the **Department of Social Services** 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.

In response to a similar proposal, HCS for HB 176 (2025), 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.

Upon brief review, **Oversight** notes that electronic wills are only accepted in a few states currently. Some states have updated their statutes to allow e-wills. Electronic wills are now legal in Nevada, Florida, Indiana, and Arizona. Utah and Colorado have also recently adopted the Uniform Electronic Wills Act, which is a model law created by the Uniform Laws Commission. In other instances, some state courts have accepted e-wills on a case-by-case basis. COVID-19 also caused some courts to temporarily allow remote witnessing as an emergency measure.

Senate Amendment 3

Section 143.121 Capital Gains and MAGI

In response to a similar proposal from this year (SB 25), officials from the **Office of Administration – Budget and Planning (B&P)** notes this section would allow Missouri taxpayers to subtract any capital gains from the sale or exchange of gold and/or silver from the taxpayer's Missouri Adjusted Gross Income (MAGI), if such capital gains were included in the taxpayer's Federal Adjusted Gross Income (FAGI), beginning with tax year 2025.

B&P is unable to determine the amount of capital gains claimed by Missouri taxpayers. However, the total amount of capital gains claimed during tax year 2022, the most recent complete year available, was \$4,162,253,341. If even 1% of the capital gains resulted from the sale or exchange of gold and/or silver, B&P estimates that the loss to GR would have been \$1,956,259 ($\$4,162,253,341 \times 1\% \times 4.7\%$). Therefore, B&P estimates that this provision may have an unknown, but significant, loss to TSR and GR beginning with FY27 (for tax year 2026 capital gains).

Officials from the **Department of Revenue (DOR)** state this proposal requires that a taxpayer be allowed to subtract the amount of capital gain they receive from the sale or exchange of specie from their Federal Adjusted Gross Income (FAGI) when calculating their Missouri Adjusted Gross Income (MAGI) thus lowering their taxable income. DOR notes this proposal says that the definition of “specie” is to use the definition in Section 408.010. Section 408.010 defines specie

as silver coins of the United States that are legal tender. Therefore, this would be nickels, dimes and quarters.

DOR notes that capital gains would occur on these products when they are sold to a coin dealer. DOR is unable to determine the number of coins sold annually or for what value.

Taxpayers report the sources of the capital gain on their federal tax returns and only their FAGI number is reported on the Missouri tax return. Therefore, DOR is unable to determine how much capital gain is reported from the sale or exchange of specie in Missouri.

The Internal Revenue Service SOI data for 2022 (the most complete year) shows that total capital gains reported on the returns for the State of Missouri equaled \$13,311,914,000. If just 1% of these capital gains was a result of specie this could result in a loss to general revenue of \$6,256,600 ($\$13,311,914,000 * 1\% * 4.7\%$ tax rate).

This will require an additional line be added to the MO-A form (\$2,200), information would need to be added to their website and this would need to be added to their individual income tax computer system (\$7,327). These costs are estimated at \$9,527.

Oversight does not have enough information to estimate a loss to the state regarding §143.121 (deduction of capital gains from sale of gold and/or silver from MAGI); however, estimates from the Department of Revenue and the Office of Administration - Budget assume the loss could be significant. Therefore, Oversight will reflect an unknown loss that is “unknown potentially significant”.

Section 408.010 – Legal Tender

In response to a similar proposal from this year (SB 25), Officials from the **Office of Administration - Budget and Planning (B&P)** stated Section 408.010 would allow gold and silver coinage to be legal tender in Missouri. B&P notes that certain gold and silver coins are already considered legal tender under Federal law. However, federal law prohibits the use of privately created gold and/or silver coins from being used as currency.

This section requires DOR to promulgate rules for the method(s) of accepting gold/silver specie for debts owed to the state. This section also allows employers to pay employees in gold/silver specie, if the employee requests such pay.

Subsection 408.010.4 prevents all state and local government bodies and courts from seizing any gold and silver held by a person, except as provided under the Criminal Activity Forfeiture Act. B&P notes that this would allow individuals and businesses to store or move assets into gold and/or silver in order to avoid having assets seized. This would allow taxpayers to move their assets to gold and/or silver coins in order to avoid paying back taxes to the state. Therefore, this provision may have a negative unknown impact to TSR, GR, as well as other state and local funds.

In response to similar legislation, SS/SCS/SB 735 (2024), officials from **B&P** stated in addition, state agencies would be required accept gold and silver at their spot price plus market premium, rather than at their par value. B&P notes that the spot price changes daily, which in turn impacts the market premium. B&P further notes that under current law the par value for gold is \$42.22 per ounce. While the spot price for gold on 2/2/2023 was \$1,932.00 and the spot price for silver was \$0.76 per gram. In addition, the market premium for gold is currently 2% - 3.75%. This proposal does not specify which rate the state should use when calculating a dollar value for the market premium. Therefore, on 2/2/2023 the state would have to accept an ounce of gold for \$ 1,070.64 to \$2,004.45 per ounce. B&P notes that because the spot price changes daily, it is possible that an agency could accept a certain dollar value of gold and/or silver one day, but receive a different amount when those assets were converted to dollars. Therefore, this provision may have an unknown impact on TSR, GR, and other state funds.

Officials from the **DOR** state this provision allows specie legal tender and electronic currency to be accepted as legal tender in Missouri and shall be allowed for the payment of all debts, taxes, fees and obligations owed. This proposal does not specify that the specie be minted by the U.S. Mint or that the electronic currency be a currency that is considered legal tender. Therefore, this proposal would allow people to create their own coins and currency.

The State and DOR already accept all coins minted by the U.S. Mint as they are considered legal tender. This includes the commemorative coins printed but not widely used in financial transactions. Additionally, DOR allows for the use of credit and debit cards that are based on physical currency.

DOR state they receive, process and deposit the majority of all state revenue. DOR receives sales tax, individual income tax, corporate tax and various taxes and fees collected by state agencies that is then brought to DOR for deposit. However, DOR does not accept and will continue to **not** accept any coinage that is in violation of 18 U.S. § 486. Acceptance of coins not considered legal tender per this federal statute can result in felony charges being brought by the Federal Government. While this proposal does not address the issue, DOR assumes they would only accept specie coins created by the U.S. Mint or Federal Government and can refuse any other coins.

This proposal would require the State of Missouri to accept specie legal tender and electronic currency as payment of any debt but requires the custody agent to transmit the funds to DOR in U.S dollars. Therefore, this would allow a custody agency to accept gold or silver and transmit payment in dollars.

DOR notes that most revenue collected by the state agencies is processed by DOR.

It should be noted that this provision would become effective on August 28, 2025.

Missouri would be the first state to accept specie legal tender and electronic currency not created by the Federal Government. While other states have passed laws providing their state with language allowing rolling compliance with acceptance of currency types like these should the federal government make these types of legal tender, none have allowed the paying of a currency that is not legal tender. Therefore, DOR is unable to obtain information as to the number of people wishing to use alternative currency or the costs of providing these alternatives.

This proposal in 408.010.5 prevents all state and local governmental bodies from seizing any specie legal tender or electronic currency that is owned by a person. If a taxpayer owes DOR back taxes, they will have the opportunity to move all their income to gold or silver and prohibit DOR from being able to collect the back taxes owed. DOR is unable to determine how much this will impede our collection efforts. This impact is expected to be unknown.

In response to similar proposal from this year (SB 25), officials from **B&P** stated this section further prevents all state and local government bodies and courts from seizing any gold and silver held by a person, except as provided under the Criminal Activity Forfeiture Act. B&P notes that this would allow individuals and businesses to store or move assets into gold and/or silver to avoid having assets seized. This would allow taxpayers to move their assets to gold and/or silver coins to avoid paying back taxes to the state. Therefore, this provision may have a negative unknown impact to TSR, GR, as well as other state and local funds.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero to unknown cost to the general revenue fund as well as local governments in the fiscal note for the removal of gold and silver coins as seizable assets.

In response to a similar proposal from this year (SB 25), officials from the **Department of Corrections (DOC)** stated Section 408.010 would require the department to accept payment for debts in gold and silver. The legislation requires the department to bear the costs in determining the weight and purity of the gold and silver. The DOC currently processes approximately 93,000 payments a year for intervention fees and it is unknown what percentage of transactions would be moved to gold/silver. This legislation could create an unknown cost with the processing of payments and reconciling the value of the silver/gold, determined by the department with the value determined by the bank.

The proposed legislation would also require DOC to accept electronic currency for the payment of debts. The department would need to contract with a company to accept the electronic currency and have it converted to US dollars for deposit. Currently, the department's contracted bank does not accept deposits of gold and silver. Therefore, the DOC estimates an unknown impact.

In response to a similar proposal from this year (SB 25), officials from the **Department of Labor and Industrial Relations (DOLIR)** stated if this bill is interpreted to allow the Division of Employment Security (DES), Division of Workers' Compensation (DWC) and Division of Labor Standards (DLS) to accept Gold/Silver coinage in the repayment of debt, this could cause

an unknown impact to DES, DWC and DLS. The DES, DWC and DLS would incur the cost of the verification of the weight and purity of the specie.

Officials from the **Department of Social Services (DSS)** state the **MO HealthNet Division (MHD)** is unable to determine how many people will want to pay with gold and silver rather than other forms of payment. Currently, the MHD has no way to determine the verification of the weight and the value of the purity of the gold or silver upon acceptance. If a participant chooses to pay with either gold or silver, the MHD would have to seek out different options in order for that payment to be assessed, including but not limited to, seeking out an Assayer to determine its value. The MHD assumes these instances would be minimal and therefore, would be minimal to no impact to the MHD.

This proposal in 408.010.4 also prevents all state and local governmental bodies from seizing any gold or silver that is owned by a person. Per RSMo 473.398, MHD is directed to collect debts owed to the State related to Medicaid claims. If all or a portion of assets are in gold or silver, it could limit the amount MHD can collect. The MHD is estimating that up to 1% of collections could be impacted by this legislation. On average, the MHD collects around \$18 million per year. Therefore, the impact to MHD is \$0 to \$180,000 per year.

FY26: Total - \$0 - \$180,000

FY27: Total - \$0 - \$180,000

FY28: Total - \$0 - \$180,000

FSD:

Section 408.010:

Proposed section 408.010 creates the “Constitutional Money Act” and requires that specie legal tender and electronic currency shall be accepted as legal tender for payment of all public debts, and may be accepted for all private debts hereafter contracted in the state of Missouri in discretion of the receiving entity.

The state of Missouri is required to accept specie legal tender and electronic currency as payment for any debt, tax, fee or obligation owed. Costs incurred in the course of verification of the weight and purity of any specie legal tender or electronic currency during any such transaction shall be borne by the receiving entity. No person or entity shall be required to use specie legal tender or electronic currency in the payment of any debt. Nothing in this act shall prohibit the use of Federal Reserve notes in the payment of any debt. If requested by an employee, any business entity in the state may pay compensation to such employee, in full or part, in the dollar equivalent specie legal tender either in physical or electronic transfer form. Any entity choosing to compensate its employees in specie legal tender shall be responsible for verifying the weight and purity of any physical specie legal tender prior to compensation.

All state and local government bodies and courts are prohibited from seizing any specie legal tender or electronic currency owned by a person, except as otherwise provided by law. All state

and local government bodies and courts are prohibited from enforcing or attempting to enforce any federal acts, laws, executive orders, administrative orders, rules, regulations, statutes, or ordinances infringing upon a person's right to keep and use specie legal tender and electronic currency. All state and local government bodies and courts are prohibited from restricting the ability of a person or financial institution to acquire or use specie legal tender and electronic currency or enacting any law discriminating or favoring one means of legal tender in the course of a transaction over another means of legal tender.

Income Maintenance (IM):

Currently, FSD Income Maintenance (IM) does not accept any payment for any programs administered by IM. However, when an individual has been found to have incorrectly received benefits administered by FSD, a claim is filed and payment for the overpayment is submitted as repayment to the Department of Finance and Administrative Services (DFAS).

Child Support (CS):

Proposed subsection 408.010.2 would allow specie and electronic currency to be legal tender in Missouri.

This proposal will require the FSD CS program to accept specie and electronic currency as payment for child support obligations, for annual federal fee payments made by the obligor and for recovery payments. Child support payments are processed by FSD's State Disbursement Unit, the Family Support Payment Center (FSPC) which is run by FSD's contractor Systems & Method, Inc. (SMI). Fees and recovery payments are processed by the Division of Finance and Administrative Services (DFAS). FSD assumes specie legal tender to be precious metal (gold, silver, platinum and palladium) coin that is issued by the federal government and any other specie. FSD also assumes electronic currency is digital currency that encompasses any currency, money or money-like asset that is stored or exchanged on computer systems.

Under proposed 408.010.3, the FSD CS program will be required to accept specie legal tender and electronic currency. Specie coinage is a commodity that changes in value daily. Depending on the time it takes to convert the specie, the spot price could have changed leaving a balance or excess amount. Electronic currency (cryptocurrency) is influenced by supply and demand that creates a price volatility that could change the value. Depending on the time it takes to convert the electronic currency, the value of the currency could change leaving a balance or excess amount.

The FSD CS program is unable to determine how many people will want to pay with specie legal tender or electronic currency rather than other forms of payment but it is assumed it would be minimal. Currently, the FSD CS program has no experience or ability to accept specie legal tender or electronic currency as payment.

In order to comply with accepting specie legal tender, the FSD CS program would need to enter into a contract with a financial entity that would accept and convert the specie into a form of

payment accepted by FSPC. FSD CS or the financial entity may also need to contract with an assayer that would be able to verify the weight and value of the purity of the specie.

In order to comply with accepting electronic currency, FSD assumes, for the purpose of this fiscal note, OA Accounting would enter into a contract with a financial broker that would accept electronic currency and convert the electronic currency into a form of payment accepted by FSD.

In order to comply with accepting specie legal tender, the FSD CS program would need to enter into a contract with a financial entity that would accept and convert the specie into a form of payment accepted by FSPC. FSD CS or the financial entity may also need to contract with an assayer that would be able to verify the weight and value of the purity of the specie.

In order to comply with accepting electronic currency, FSD assumes, for the purpose of this fiscal note, OA Accounting would enter into a contract with a financial broker that would accept electronic currency and convert the electronic currency into a form of payment accepted by FSD.

The FSD CS program notes that under 408.010.6 (1), obligors could move assets into specie legal tender or electronic currency in order to avoid having assets attached by the FSD CS program for child support. It is unknown how many obligors may move assets into specie legal tender or electronic currency and the negative impact for this is unknown.

The FSPC collects and disburses payments for child support cases meeting the criteria under 454.530, RSMo, and 45 CFR 302.32. FSPC is required under federal and state law to disburse support payments within two business days after receipt. The FSD CS program would be required to process and disburse child support payments received in specie or electronic currency within the two-day time frame to be in compliance with the Title IV–D state plan. As the specie and electronic currency would have to be authenticated and converted into a form of payment accepted by the FSPC prior to the FSPC processing and disbursing the payment, the FSD CS program anticipates the processing time could exceed the two–day time frame required for payment disbursement thereby risking state compliance.

If the FSD child support program does not disburse payments within two business days of receipt, Missouri could have IV–D state compliance implications. Title IV–D state plan noncompliance will result in the loss of federal funding for the state’s child support program (\$52.4 million for FFY 2024). Having an approved Title IV–D state plan is a condition of eligibility for a Temporary Assistance for Needy Families (TANF) block grant under Title IV–A of the Social Security Act. If the Federal government determines Missouri’s IV–D state plan is noncompliant, Missouri’s TANF funding (\$216.3 million) could potentially be reduced. FSD is unsure how much the reduction in funding would amount to; therefore, this amount is not included in the overall fiscal impact of this legislation. In order to continue child support program services at its current level, any loss of federal funding would have to be replaced with general revenue. Therefore, the fiscal impact of non–compliance would range from \$0 to \$52.4 million general revenue.

FSD assumes that any form of electronic currency would need to be liquidated into cash form to be able to receive as payment. FSD assumes that a financial broker would be procured by the state of Missouri to handle this function for all departments.

FSD defers to OA-Accounting for the fiscal impact to receive electronic currency as a form of payment.

The FSD estimates that the impact of entering into a contract with a financial entity and/or assayer to process specie legal tender will be \$0 to \$100,000 per year.

Therefore, the total DSS impact would be \$0 to \$280,000 per year.

In response to a similar proposal from this year (SB 25), officials from the **City of Kansas City** stated the Constitutional Money Act has a negative fiscal impact because of the cost of verification of weight and purity and it must be performed by an Assayer. Last year there were only four in Missouri and the average salary was \$61,000. The City will not be to seize gold and silver. Therefore, if the City has a judgment, the person can convert it to gold or silver and avoid taxes. The volatility of the market may also have a fiscal impact.

Oversight will reflect a potential cost to all state agencies as well as local political subdivisions of an unknown amount for the administrative burden of accepting, valuing, storing and depositing gold and silver payments.

Oversight notes DSS-FSD indicated this proposal could result in the loss of federal funding due to noncompliance. Oversight assumes this is speculative and will not include this estimate in the fiscal note.

Senate Amendment 4

Section 361.1100 – Virtual Currency Provisions

In response to a similar proposal from this year (SB 779), officials from **Department of Commerce and Insurance** assumed the proposal will have no fiscal impact on their organization.

Oversight assumes Subsection 361.1100.18 requires all unlicensed virtual currency kiosk operators to apply for a money transmitter license. If denied by the department, all unlicensed virtual currency kiosk operators will be required to cease operation.

Oversight notes, according to DCI, the number of unlicensed virtual currency kiosk operators is unknown. DCI states the Division of Finance is in the process of drafting an administrative rule to establish the money transmitter license fees. Money transmitter license fees are deposited into the Division of Finance Fund 0550.

Since the number of applicants and the license fee to be charged are both unknown, for fiscal note purposes, Oversight will reflect a positive unknown revenue to the Division of Finance Fund (0550). Oversight assumes the revenue generated will be less than \$250,000.

Senate Amendment 5

Section 32.115 - Affordable Housing and Neighborhood Assistance Program

Officials from the **Department of Revenue (DOR)** note:

Affordable Housing Tax Credit:

The Affordable Housing tax credit program is a two-part credit with an \$11 million combined cap. The first part of the credit is for businesses that are making contributions to affordable housing. This part of the credit is limited to \$10 million of the cap. The second part of the credit is for businesses that make contributions to neighborhood organizations and this part of the credit is limited to \$1 million of the cap. This proposal allows the contributions to the neighborhood organizations to use any remaining cap space not used by the businesses making contributions to affordable housing. Therefore, the \$1 million cap can be increased if the \$10 million doesn't use all their allotment. Since this proposal just allows the sharing of a cap this would not have any additional fiscal impact on the state.

For informational purposes, the Department is providing the amount of the Affordable Housing Tax Credit that has been authorized, issued and redeemed over the last few years.

Year	Authorized	Issued	Total Redeemed
FY 2024	\$2,769,394.00	\$5,263,913.00	\$5,211,902.60
FY 2023	\$8,932,400.00	\$4,174,401.00	\$8,716,793.01
FY 2022	\$4,835,176.00	\$10,482,025.00	\$3,619,925.08
FY 2021	978,796.00	\$3,592,427.00	\$4,119,705.33
FY 2020	\$10,971,408.00	\$4,510,701.00	\$4,025,790.93
FY 2019	\$4,253,693.00	\$3,308,659.00	\$5,001,344.36
FY 2018	\$4,676,726.00	\$6,145,103.00	\$4,752,091.91
FY 2017	\$10,347,442.00	\$7,386,034.00	\$10,172,259.92
FY 2016	\$10,988,370.00	\$13,171,092.00	\$8,484,672.81
FY 2015	\$10,901,753.00	\$8,717,177.00	\$3,358,807.75
FY 2014	\$8,197,923.00	\$4,844,279.00	\$5,620,749.73
FY 2013	\$6,495,974.00	\$4,967,887.00	\$7,406,987.96
FY 2012	\$4,871,580.00	\$5,990,591.00	\$5,629,465.92

This proposal will not have a fiscal impact on the Department.

Oversight notes the Affordable Housing Assistance Tax Credit Program (AHAP) is an incentive for businesses and qualified individuals in Missouri to participate in the production of affordable

housing for low-income families. The credit can be used by a business or qualified individual as a reduction in their state tax obligation. To receive the AHAP credit, a business or qualified individual must donate cash, professional services, or real or personal property to a non-profit organization whose primary purpose is to provide affordable housing for low-income families.

Oversight notes that the average redemption between 2022-2024 was \$5,849,540.

Oversight notes that the proposal allows for transfer between the programs, as long as the program under Section 32.111 (AHAP) does not use the entire amount of \$10 million. Therefore, for the purpose of this fiscal note, **Oversight** will note zero impact to the general revenue or other state funds for this section, in the fiscal note.

In response to a similar proposal from this year (SB 399), officials from the **Department of Economic Development (DED)**, the **Oversight Division**, and the **Office of Administration – Budget & Planning (B&P)** each 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.

Bill as a whole:

Officials from the **Department of Elementary and Secondary Education**, the **Department of Mental Health**, the **Department of Natural Resources** and **Kansas City** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Loss</u> - §143.341 - Changes to the taxation of estates and trusts (p. 4-6) SA1	\$0	(Up to \$87,264,064)	(Up to \$87,264,064)
<u>Loss</u> – DOR §143.121 – capital gains on the exchange of gold and silver now a deduction for MAGI calculation (p. 6-13) SA3	\$0	(Unknown – potentially significant)	(Unknown – potentially significant)
<u>Costs</u> – DOR §408.010 (p. 6-13) SA3	Could exceed...	Could exceed....	Could exceed.....
Personal Service	(\$93,350)	(\$114,260)	(\$116,546)
Fringe Benefits	(\$63,735)	(\$77,379)	(\$78,296)
Expense & Equipment	(\$26,718)	(\$1,140)	(\$1,163)
Coin Machines	(\$750)		
Computer/central computer system	(\$214,000)		
Assayer equipment	(\$10,000)	\$0	\$0
MAGI updates	(\$9,527)	\$0	\$0
Security measures & building modifications	(\$250,000)	\$0	\$0
<u>Total Costs</u>	(\$668,080)	(\$192,779)	(\$196,005)
FTE Change	2 FTE	2 FTE	2 FTE
<u>Costs</u> – Various State Agencies - (p. 6-13) SA3 §408.010 – potential cost to verify the weight and purity of any gold or silver coinage received as payment	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – DOR §408.010.6 – removal of gold and silver coins as seizable assets (p. 6-13) SA3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO GENERAL REVENUE	(Could exceed \$668,080)	(Could substantially exceed \$87,456,843)	(Could substantially exceed \$87,460,069)
Estimated Net FTE Change on General Revenue	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
DIVISION OF FINANCE FUND (0550)			
<u>Revenue</u> – DCI (p.13) SA4* Virtual Currency Kiosk License Fee	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE DIVISION OF FINANCE FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

*The number of unlicensed virtual currency kiosk operators is unknown as well as the money transmitter license fee to be charged by DCI, therefore, the potential revenue generated from current unlicensed virtual currency kiosk operators is unknown, likely, to be less than \$250,000.

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs</u> – Local governments - §408.010.2 – potential cost to verify the weight and purity of any gold or silver coinage received as payment - specie legal tender and electronic currency shall be accepted as legal tender for all payment of all public debts (p. 6-13) SA3	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - §408.010.6 – removal of gold and silver coins as seizable assets	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT – Small Business

By modifying the articles of agreement applicable to bank or trust companies, certain bank or trust companies could have a fiscal impact as a result of this proposal.

Small business real estate settlement agents and title insurance agents could be impacted by this proposal.

Small businesses that want to utilize gold and silver as currency would be impacted by this proposal.

Changing some of the requirements a virtual currency kiosk operator will be required to comply with, a direct fiscal impact to small businesses that use a virtual currency kiosk could be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies various provisions relating to financial organizations.

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 Commerce and Insurance
Department of Corrections
Department of Public Safety - Missouri Highway Patrol
Missouri Office of Prosecution Services
Office of Administration
Office of the State Public Defender
Office of the State Treasurer
Office of the State Courts Administrator
Kansas City
Department of Natural Resources
Department of Mental Health
Department of Social Services
Department of Revenue
Department of Elementary and Secondary Education



Julie Morff
Director
April 29, 2025



Jessica Harris
Assistant Director
April 29, 2025