

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4097H.04P
Bill No.: Perfected HCS for HB 2103
Subject: County Officials; Real and Personal Property; Mortgages and Deeds; Notary Public
Type: Original
Date: March 4, 2026

Bill Summary: This proposal modifies provisions governing documents filed or recorded with the recorder of deeds.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2031)
General Revenue*	(\$64,884 to Unknown)	(\$158,836 to Unknown)	(\$173,586 to Unknown)	(\$216,718 to Unknown)
Total Estimated Net Effect on General Revenue	(\$64,884 to Unknown)	(\$158,836 to Unknown)	(\$173,586 to Unknown)	(\$216,718 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 <u>All</u> 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

FISCAL ANALYSIS

ASSUMPTION

§§59.120, 486.735, 570.095 & 578.700 – Documents Filed or Recorded with the Recorder of Deeds Office

Officials from the **Department of Corrections (DOC)** state this proposal modifies provisions governing documents filed or recorded with the Recorder of Deeds.

§570.095 enhances the penalty for the offense of filing a false document from a class D non-violent felony to a class C felony for the first offense, and a class C felony to a class B felony for any subsequent offense or if the victim is a government agency, a government official, or their immediate family.

Change class D felony to class C felony

In FY2025, 3 offenders were convicted under section 590.095 at the class D felony level. One offender was incarcerated, while two were placed on probation. The average sentence for a nonviolent class D felony offense is 5 years, of which 2.8 years will be served in prison with 1.7 years to first release. The remaining 2.2 years will be on parole. Probation sentences will be 3 years. The average sentence for a class C felony offense is 6.9 years, of which 3.7 years will be served in prison with 2.1 years to first release. The remaining 3.2 years will be on parole. Probation sentences will be 3 years.

Changing the class D felony to a class C would result in the cumulative change of one more offender in prison and one less on field supervision by FY 2030.

Change C class felony to a B class felony

In FY2025, 1 offender was convicted under section 590.095 at the class C felony level who was sentenced to probation. The average sentence for a class C felony offense is 6.9 years, of which 3.7 years will be served in prison with 2.1 years to first release. The remaining 3.2 years will be on parole. Probation sentences will be 3 years.

Given the seriousness of class B felonies, it is likely this offender would be sent to prison under the new statute rather than be placed under probation. 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 will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

Changing the class C felony to a class B would result in the cumulative change of five more offenders in prison and three less on field supervision by FY 2031.

DOC states §578.700 creates a penalty for executing a false notarial certificate, a class E felony. It also enhances the punishment for any person who is not a notary and who knowingly acts as one from a misdemeanor to a class E felony; enhances the penalty for any person who knowingly obtains or destroys official records of a notary from a misdemeanor to a class E felony; enhances the penalty for any person who knowingly coerces a notary to commit official misconduct from a misdemeanor to a class E felony; enhances the penalty for any person who knowingly obtains software that enables a notary to produce a seal from a misdemeanor to a class E felony; and creates a class E felony penalty for any person who knowingly presents false information to obtain a notary seal.

As these are new crimes, there is little direct data on which to base an estimate, and as such, DOC estimates an impact comparable to the creation of 6 new class E felonies.

For each new nonviolent class E felony, DOC 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 will be served in prison with 1.4 years to first release. The remaining 1.3 years will be on parole. Probation sentences will be 3 years.

The cumulative impact on DOC is estimated to be 12 additional offenders in prison and 42 additional offenders on field supervision by FY 2029.

Combined Estimated Cumulative Impact

The combined estimated cumulative impact on DOC is 18 additional offenders in prison and 38 additional offenders on field supervision by FY 2031.

	# 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	7	(\$11,123)	(\$64,884)	0	\$0	11	(\$64,884)
Year 2	14	(\$11,123)	(\$158,836)	0	\$0	22	(\$158,836)
Year 3	15	(\$11,123)	(\$173,586)	0	\$0	39	(\$173,586)
Year 4	17	(\$11,123)	(\$200,665)	0	\$0	38	(\$200,665)
Year 5	18	(\$11,123)	(\$216,718)	0	\$0	38	(\$216,718)
Year 6	18	(\$11,123)	(\$221,052)	0	\$0	40	(\$221,052)
Year 7	18	(\$11,123)	(\$225,473)	0	\$0	42	(\$225,473)
Year 8	18	(\$11,123)	(\$229,983)	0	\$0	43	(\$229,983)
Year 9	18	(\$11,123)	(\$234,583)	0	\$0	44	(\$234,583)
Year 10	18	(\$11,123)	(\$239,274)	0	\$0	44	(\$239,274)

DOC 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 DOC to 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).

DOC'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.

Officials from the **Office of Administration - Budget and Planning (B&P)** defer to the local government for the fiscal impact. There will be no impact to B&P, to general or total state revenues (TSR). Article IX, Section 7 of the Missouri Constitution requires that penalties, forfeitures and fines collected for violations of state law be distributed to the schools. To the extent any additional such revenues are deposited into the state treasury, TSR may increase.

Officials from the **Department of Commerce and Insurance, Department of Public Safety-Missouri Highway Patrol, Missouri Department of Transportation, Office of Administration, Office of the Secretary of State, Office of the State Courts Administrator, Branson Police Department, Phelps County Sheriff's Office, Kansas City Police Department, St. Louis County Police Department** and the **State Tax Commission** 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 similar legislation, HCS for HB 1249 (2025), officials from **Missouri Office of Prosecution Services** 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 violations of §§486.735 & 578.700 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties, county recorders, county prosecutors and local law enforcement agencies were requested to respond to this proposed legislation but did not. Upon the receipt of additional 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. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2031)
GENERAL REVENUE				
Cost – DOC (§§570.095 and 578.700) Increased incarceration costs p.4	(\$64,884 to <u>Unknown</u>)	(\$158,836 to <u>Unknown</u>)	(\$173,586 to <u>Unknown</u>)	(\$216,718 to <u>Unknown</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$64,884 to <u>Unknown</u>)	(\$158,836 to <u>Unknown</u>)	(\$173,586 to <u>Unknown</u>)	(\$216,718 to <u>Unknown</u>)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2031)
LOCAL POLITICAL SUBDIVISIONS				
<u>Revenue Gain</u> – School Districts (§§486.735 and 578.700) Potential fine revenue p.6	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>

FISCAL IMPACT – Small Business

Small businesses who do business as a real estate broker, a title company or a licensed attorney may be impacted by this proposal.

FISCAL DESCRIPTION

This bill requires each county recorder to display a sign warning about the offense of filing false documents and the penalties associated with that offense in the recorder's office.

This bill increases the fine imposed on a vendor or manufacturer who fails to comply with laws governing the selling or manufacturing of notary seals from \$1,000 to \$10,000 for each violation.

Currently, the offense of filing false documents is a class D felony for the first offense and a class C felony for certain circumstances outlined in the bill. This bill changes the offense to a class C felony for the first offense and a class B felony for such circumstances.

The bill allows an owner of interest in real property that is subject to a filing or record that is believed to be fraudulent to petition for judicial review of the filing or record.

This bill increases the penalty for a variety of crimes associated with notarial acts from a class A misdemeanor to a class E felony.

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
Missouri Highway Patrol
Office of Administration - Budget and Planning
Missouri Department of Transportation
Office of Administration
Office of the Secretary of State
Phelps County Sheriff's Office
Branson Police Department
Kansas City Police Department
St. Louis County Police Department
Missouri Office of Prosecution Services
State Tax Commission
Office of the State Courts Administrator



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