

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4454H.011
 Bill No.: HB 1990
 Subject: Crimes and Punishment; Criminal Procedure; Merchandising Practices
 Type: Original
 Date: March 2, 2026

Bill Summary: This proposal establishes the offense of gift card fraud.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2033)
General Revenue*	(\$64,884 to Unknown)	(\$158,836 to Unknown)	(\$231,447 to Unknown)	(\$395,636 to Unknown)
Total Estimated Net Effect on General Revenue	(\$64,884 to Unknown)	(\$158,836 to Unknown)	(\$231,447 to Unknown)	(\$395,636 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 2033)
Total Estimated Net Effect on <u>Other State Funds</u>	\$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 2033)
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 2033)
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 2027	FY 2028	FY 2029	Fully Implemented (FY 2033)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Office of Prosecution Services** did not respond to **Oversight's** request for fiscal impact for this proposal.

§§570.010 and 570.137 – Gift Card Fraud

Officials from the **Department of Corrections (DOC)** state this proposal establishes the offense of gift card fraud.

Section 570.010 is modified to include §570.137 which defines the new crime of gift card fraud and the prescribed sentences for this conduct. Gift card fraud between \$750 and \$25,000 is a class D felony and if more than \$25,000 is a class C felony.

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.

The cumulative impact on the department is estimated to be 8 additional offenders in prison and 16 additional offenders on field supervision by FY 2029.

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.

The cumulative impact on the department is estimated to be 15 additional offenders in prison and 19 additional offenders on field supervision by FY 2030.

Combined Cumulative Impact

The combined cumulative impact on the department is an increase of 23 offenders in prison and 53 in field supervision by FY 2033.

	# 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	20	(\$11,123)	(\$231,447)	0	\$0	34	(\$231,447)
Year 4	23	(\$11,123)	(\$271,488)	0	\$0	38	(\$271,488)
Year 5	23	(\$11,123)	(\$276,918)	0	\$0	45	(\$276,918)
Year 6	23	(\$11,123)	(\$282,456)	0	\$0	49	(\$282,456)
Year 7	23	(\$11,123)	(\$288,105)	1	(\$107,531)	53	(\$395,636)
Year 8	23	(\$11,123)	(\$293,867)	1	(\$99,089)	53	(\$392,956)
Year 9	23	(\$11,123)	(\$299,744)	1	(\$100,142)	53	(\$399,887)
Year 10	23	(\$11,123)	(\$305,739)	1	(\$101,206)	53	(\$406,945)

The department 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 the 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).

The department'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.

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

Officials from the **Office of the State Public Defender (SPD)** state per the recently released National Public Defense Workload Study, the new charge contemplated by the change to Section 570.137 would take approximately thirty-five hours of SPD work for a C or D felonies and 13.8 hours for an A misdemeanor 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 one to two 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 create a minimal number of new cases 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.

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.

Officials from the **Department of Commerce and Insurance, Department of Public Safety - Missouri Highway Patrol, and Office of the State Courts Administrator** 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</u> <u>– State</u> <u>Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2033)
GENERAL REVENUE				
<u>Cost – DOC</u> (§570.137)				
Personal Service	\$0	\$0	\$0	(\$54,687)
Fringe Benefits	\$0	\$0	\$0	(\$39,336)
Exp. & Equip.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$13,508)</u>
Total Costs - DOC	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$107,531)</u>
FTE Change - DOC	0 FTE	0 FTE	0 FTE	1 FTE
<u>Cost – DOC</u> (§570.137) Increased incarceration costs	(\$64,884 to <u>Unknown</u>)	(\$158,836 to <u>Unknown</u>)	(\$231,447 to <u>Unknown</u>)	(\$288,105 to <u>Unknown</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$64,884 to <u>Unknown</u>)	(\$158,836 to <u>Unknown</u>)	(\$231,447 to <u>Unknown</u>)	(\$395,636 to <u>Unknown</u>)
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 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2033)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

GIFT CARD FRAUD (Sections 570.010 and 570.137)

This bill creates the offense of gift card fraud, which a person commits if he or she alters or tampers with a gift card; devises a scheme to obtain a gift card or gift card redemption information from a gift card holder, issuer, or seller by means of deceit; or uses a gift card or gift card redemption information that has been obtained in violation of this section for the purpose of obtaining money, goods, services, or anything else of value. The offense is a class C felony if the value of the gift card, gift card redemption information, or money, goods, services or other thing of value is \$25,000 or more. The offense is a class D felony if the value is at least \$750 but less than \$25,000. If the value is less than \$750, the offense is a class A misdemeanor.

This legislation is not federally mandated, would not duplicate any other program and may 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 Highway Patrol
Office of the State Courts Administrator
Office of the State Public Defender



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March 2, 2026



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