

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4570H.03P
 Bill No.: Perfected HCS for HB Nos. 2035 & 2350
 Subject: Civil Procedure; Science and Technology; Internet and E-Mail; Crimes and Punishment; Criminal Procedure
 Type: Original
 Date: March 24, 2026

Bill Summary: This proposal establishes and modifies provisions relating to artificially generated material.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Merchandising Practices Revolving*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

*Potential unknown violation/fines collected by the AGO assumed to be less than \$250,000 annually.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

House Amendment No. 1 - §407.3007 - Provisions Relating to Artificial Intelligence in Mental Health

In response to similar legislation, SB 1444 (2026), officials from the **Office of Attorney General (AGO)** assumed 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.

Oversight notes the provisions of §407.3007.4 provide that if the AGO finds a violation of the provisions of this proposal have occurred, the AGO shall commence a civil action with civil penalties of \$10,000 for the first violation and \$20,000 for any subsequent violation. Oversight notes civil penalties for merchandising practices violations (Chapter 407) are deposited in the Merchandising Practices Revolving Fund (1631). Oversight will reflect a \$0 or Unknown positive fiscal impact to the Merchandising Practices Revolving Fund. It is assumed additional collections resulting from these changes will be less than \$250,000 annually.

In response to similar legislation, HCS HB Nos. 2368 & 2318 (2026), officials from the **Office of Administration - Administrative Hearing Commission, Department of Higher Education and Workforce Development, Department of Mental Health, Department of Natural Resources, Department of Corrections, Department of Labor and Industrial Relations, Department of Revenue, Department of Public Safety, Divisions of: Alcohol and Tobacco Control, Capitol Police, Fire Safety and Missouri Gaming Commission, Department of Social Services, Missouri Department of Agriculture, Missouri Department of Conservation, Missouri Ethics Commission, Office of Administration, Office of the State Courts Administrator, Petroleum Storage Tank Insurance Fund, Office of the State Public Defender, Platte County Election Board, St. Louis City Board of Elections, St. Louis County Election Board, Newton County Health Department, St. Louis City Assessor, Eastern Clay Ambulance District, Public Education Employees' Retirement System, Sheriff's Retirement System, South River Drainage District, Wayne County Public Water Supply District #2, Northwest Missouri State University, University of Central Missouri, Office of the Lieutenant Governor, Joint Committee on Administrative Rules, Legislative Research, Missouri Senate, Missouri Consolidated Health Care Plan, and Missouri State Employee's Retirement System** 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.

In response to similar legislation, SB 1444 (2026), officials from the **Missouri National Guard, Office of the Secretary of State, City of O’Fallon, Jackson County Election Board, Kansas City Civilian Police Employees’ Retirement, Kansas City Police Retirement System, Metro St. Louis District Employees Pension Plan and Joint Committee on Public Employee Retirement** each assumed the proposal would have no fiscal impact on their organizations. **Oversight** has no information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

§§537.039, 573.010, and 573.550 – Provisions Relating to Artificially Generated Material

In response to a previous version, HB 2035 (2026), officials from the **Office of Attorney General (AGO)** assumed 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.

In response to a previous version, HCS HBs 2035 & 2350 (2026), officials from the **Department of Elementary and Secondary Education, Office of the State Courts Administrator, Office of the State Public Defender, and Department of Social Services** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to similar legislation, HB 2350 (2026), officials from the **Missouri Office of Prosecution Services** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that the above-mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Bill as a Whole

Officials from the **Department of Commerce and Insurance, Department of Economic Development, Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Public Safety, Divisions of: Director’s Office, Missouri Highway Patrol, Missouri Veterans Commission, and State Emergency Management Agency, Missouri Department of Transportation, MoDOT & Patrol Employees’ Retirement System, Office of the State Treasurer, City of Kansas City, Phelps County Sheriff, Branson Police Department, Kansas City Police Department, St. Louis County Police Department, Metropolitan St. Louis Sewer District, Missouri House of Representatives, Oversight Division, Missouri Lottery, County Employees Retirement**

Fund, Office of the State Auditor, and 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
MERCHANDING PRACTICES REVOLVING FUND (1631)			
<u>Revenue Gain – AGO (\$407.3007)</u> Potential increase in collections for violations p.3	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON THE MERCHANDISING PRACTICES REVOLVING FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<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

House Amendment No. 1 - This bill prohibits any person or entity that develops or deploys artificial intelligence in this state from advertising or representing to the public that the AI is, or is able to act as, a mental health professional or is capable of providing therapy services, psychotherapy services, or a mental health diagnosis.

A violation of this provision constitutes an unlawful practice under the Missouri merchandising practices act.

The Attorney General is required to enforce the provisions of this bill, though any individual can report violations to the Attorney General. If a violation is found to have occurred, the Attorney General must commence a civil action.

The bill provides for civil penalties as follows:

- (1) \$10,000 for the first violation; or
- (2) \$20,000 for any subsequent violation.

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
Office of Administration –
 Administrative Hearing Commission
 Budget and Planning
Department of Commerce and Insurance
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety –
 Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Director's Office
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri Veterans Commission
 State Emergency Management Agency
Department of Social Services
Office of the Governor
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri Department of Transportation
Missouri National Guard
MoDOT & Patrol Employees' Retirement System
Office of Administration
Office of the State Courts Administrator
Petroleum Storage Tank Insurance Fund
Office of the Secretary of State

Office of the State Public Defender
Office of the State Treasurer
City of Kansas City
City of O'Fallon
Jackson County Election Board
Platte County Election Board
St. Louis City Election Board
St. Louis County Election Board
Newton County Health Department
St. Louis City Assessor
Phelps County Sheriff
Branson Police Department
Kansas City Police Department
St. Louis County Police Department
Eastern Clay Ambulance District
County Employees Retirement Fund
Kansas City Civilian Police Employees' Retirement
Kansas City Police Retirement System
Metro St. Louis Sewer District Employees Pension Plan
Public Education Employees' Retirement System
Sheriff's Retirement System
Metropolitan St, Louis Sewer District
South River Drainage District
Wayne County Public Water Supply District #2
Northwest Missouri State University
University of Central Missouri
Office of the Lieutenant Governor
Office of the State Auditor
Missouri House of Representatives
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Legislative Research
Oversight Division
Missouri Senate
Missouri Lottery
Missouri Consolidated Health Care Plan

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Missouri State Employee's Retirement System
State Tax Commission
Missouri Office of Prosecution Services



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Director
March 24, 2026



Jessica Harris
Assistant Director
March 24, 2026