

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4734H.04C
 Bill No.: HCS for HB Nos. 1839, 2921 & 3015
 Subject: Children and Minors; Internet and E-Mail; Liability; Civil Procedure
 Type: Original
 Date: February 25, 2026

Bill Summary: This proposal establishes provisions relating to civil liability for publishing or distributing material harmful to minors on the internet.

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

*Civil penalties could exceed \$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

§407.3405 – Age Verification on Adult Websites

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. 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 §407.3405.6 provide for civil penalties of \$10,000 per day for commercial entities that operate a website violating the age-verification requirements of the proposal, \$10,000 per instance when a commercial entity retains information in violation of this proposal, and an additional amount not more than \$250,000 if one or more minors accessed sexual material harmful to minors in violation of the age-verification requirements.

Per information obtained from AGO officials, civil penalties collected under Chapter 407, Merchandising Practices, are deposited in the Merchandising Practices Revolving Fund (1631). Oversight will show a \$0 or Unknown impact to the Merchandising Practices Revolving Fund for potential civil penalties collected as a result of the provisions of this proposal.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Commerce and Insurance, Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Mental Health, Department of Labor and Industrial Relations, Department of Revenue, Department of Public Safety-Missouri Highway Patrol, Department of Social Services, 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 – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
MERCHANDISING PRACTICES REVOLVING FUND (1631)			
<u>Revenue Gain – AGO (\$407.3405)</u>			
Fines 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

This proposal may impact small business commercial entities if age-verification requirements are not met.

FISCAL DESCRIPTION

This bill requires any commercial entity for which it is the regular course of business to publish or distribute in the State a website in which at least 33% of the material published is harmful to minors, as defined in the bill, to verify that any person attempting to access the material is at least 18 years old. After verification, the commercial entity is prohibited from retaining any identifying information of the individual.

The bill does not apply to bona fide news or public interest broadcasts or other media and will not affect the rights of a news-gathering organization.

The Attorney General must enforce provisions of the bill. If the Attorney General believes that a violation occurred and an action is in the public interest, the Attorney General can commence an action. If the court finds that a violation occurred, the court can grant relief. Civil penalty awards are described in the bill.

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 Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Mental Health
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety - Missouri Highway Patrol
Department of Social Services
Office of the State Courts Administrator
Office of the Secretary of State



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February 25, 2026



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February 25, 2026