

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4824H.011
 Bill No.: HB 1870
 Subject: Economic Development; Business and Commerce; Banks and Financial Institutions
 Type: Original
 Date: February 10, 2026

Bill Summary: This proposal modifies provisions relating to garnishments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*OSCA's potential increase in court costs assumed to be less than \$250,000 annually.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

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

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*	(Unknown)	(Unknown)	(Unknown)

*Loss of garnishment collections.

FISCAL ANALYSIS

ASSUMPTION

§§513.430, 513.433, 513.475 and 525.235 – Attachment, Execution and Garnishment in Civil Proceedings

Officials from the **Office of the State Courts Administrator (OSCA)** state this proposal may have some impact but there is no way to quantify that amount currently. Any significant changes will be reflected in future budget requests.

Oversight notes OSCA assumes this proposal may have some impact on their organization although it can't be quantified at this time. As OSCA is unable to provide additional information regarding the potential impact, Oversight assumes the proposed legislation will have a \$0 or (Unknown) cost to the General Revenue Fund. For fiscal note purposes, Oversight also assumes the impact will be under \$250,000 annually. If this assumption is incorrect, this would alter the fiscal impact as presented in this fiscal note. If additional information is received, Oversight will review it to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Officials from the **Attorney General's Office (AGO)** assume 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 assumes AGO is provided with core funding to handle a certain amount of activity each year. Oversight assumes AGO could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, AGO could request funding through the appropriation process.

Officials from the **Department of Revenue (DOR)** assume that these provisions seek to amend and enact new statutes regarding exempt property under execution collection remedies and the dollar value of such exempt property. These provisions will have no impact on DOR's collection as no statute in Chapter 513 exempts property from state tax collections.

Additionally, §525.235 is attempting to set forth guidelines and responsibilities for bank garnishments. Before this provision, wage and bank garnishments were covered by the same statutes creating some unanswered issues for bank garnishments. This new provision clarifies the bank's role in garnishment processing as well as treating Missouri bank garnishments more like an IRS levy (i.e., the levy attaches only to funds existing at the time of service on the bank, not an ongoing levy on future deposits). This levy method may impact on the amount recovered by the Department by potentially decreasing collections, but it should be minimal.

Oversight has no information to the contrary. Oversight assumes the "minimal" reduction in

collections will be absorbable by the DOR and will present no fiscal impact to the DOR for this fiscal note.

Officials from the **City of Kansas City** state the proposed legislation has a negative fiscal impact of an indeterminate amount.

In response to similar legislation, SB 835 (2026), officials from the **City of Kansas City** stated the proposed legislation has a negative fiscal impact of an indeterminate amount as it would effectively result in a significant decrease in the amount of funds the City receives through bank garnishments. Currently, bank garnishments result in the bank being required to hold all funds in the account on the day the garnishment is served and any money deposited after that date until the return date of the garnishment.

For example, if the garnishment is served on a Thursday and there is \$500 in the bank account, the bank would hold that \$500. If the defendant had a direct deposit that went in the next day of \$2,000, the bank would also hold that \$2,000 (plus any other money deposited after the service date). At the return date, the bank would send \$2,500 plus any other funds held. Under this new section it looks like the bank would only send the \$500 and nothing that is put into account afterwards. Since a large portion of the funds the City collects through garnishment come from later deposited amounts, this would substantially impact the revenues received. Additionally, since the City does not control when the sheriff actually serves the bank, the City would have no ability to time the service to make sure that the City obtained the maximum amount of funds.

In addition, in subsection (3), the change from \$600 to \$1,500 wildcard exemption would reduce the amount the City could collect in a garnishment if a party were to invoke this section.

Oversight assumes there will be a potential loss to all local political subdivisions annually. Oversight notes §525.235 has an effective date of January 1, 2027.

Officials from the **Department of Commerce, State Tax Commission, and St. Louis County Police Department** 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 the similar legislation, SB 835 (2026), officials from the **Phelps County Sheriff, and City of Osceola** both 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, various county officials and sheriff departments were requested to respond to this proposed legislation but did not. Upon 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.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – OSCA (§§513.380-525.235)</u> Potential increase in court costs p.3	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss – Cities (§525.235)</u> Potential reduction in garnishments collected p.4	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

This proposal may have a negative impact on small businesses that have garnishments in place to collect owed funds.

FISCAL DESCRIPTION

The bill exempts a person's interest in property from attachment and execution as follows:

- (1) Household furnishings, apparel, appliances, books, animals, crops, or musical instruments, held for personal, family, or household use from the current amount of \$3,000 to \$17,000 in value in the aggregate;
- (2) A wedding ring not exceeding \$1,500 in value and jewelry held for personal, family or household use from the current amount of \$500 to \$1,700 in value in the aggregate;
- (3) Any property of any kind from the current amount of \$600 to \$1,700 in the aggregate;
- (4) Any tools, equipment, or professional materials needed for the person's occupation or the occupation of a dependent from the current amount of \$3,000 to \$6,000 in value in the aggregate;
- (5) Any motor vehicles from the current amount of \$3,000 to \$10,000, and may increased to the unused amount allowed for household furnishings, etc. listed in (1) above, not to exceed an additional \$10,000;
- (6) A mobile home used as a residence, from the current amount of \$5,000 to \$12,000.

The bill amends the current amount of homestead allowed of every person, from the current aggregate value of \$15,000 to \$40,000.

This bill establishes a separate section outlining a process to garnish accounts at an institution, defined as a Federally insured bank, savings bank, savings and loan association or credit union. Under the bill, orders of garnishment must be attached to only the funds held by the institution on the date of service, which must be one banking day, and service needs to be made prior to the institution's cutoff time. The bill specifies requirements on what should be included in the orders of garnishment relating to a judgment debtor; the process to be followed if the institution holds two or more account funds; and good-faith belief of a party seeking garnishment that the party to be served with the garnishment order has, or will have, account assets of the judgment debtor.

Under the bill, an institution does not have a duty to investigate, respond to, or assert any defenses of a judgment debtor. Further, this section does not apply to wage garnishments or garnishments of property. However, this section does not limit the ability of a garnishor to issue

an order of garnishment and interrogatories for wages or for property, other than account funds, held by an institution.

The bill authorizes the Missouri Supreme Court to adopt rule amendments or issue a specific rule and forms to implement this section, before January 1, 2027.

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 the State Courts Administrator
Department of Revenue
Department of Commerce and Insurance
Office of the Secretary of State
Joint Committee on Administrative Rules
City of Kansas City
St. Louis County Police Department



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February 10, 2026



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