

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4824H.05P
 Bill No.: Perfected HCS for HB 1870
 Subject: Business and Commerce; Economic Development; Banks and Financial
 Institutions; Property, Real and Personal
 Type: Original
 Date: March 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 impact 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

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency 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.

§§513.380, 513.423, 513.430, 513.475 and 525.235 (as amended by HA1) – Attachment, Execution and Garnishment in Civil Proceedings

In response to a previous version, officials from the **Office of the State Courts Administrator (OSCA)** stated 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.

In response to a previous version, officials from the **Attorney General's Office (AGO)** assumed 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.

The amendments do not cause any additional impact to DOR.

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.

In response to a previous version, 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 **Oversight Division** and **Phelps County Sheriff** each assume 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 these agencies.

In response to a previous version, officials from the **Department of Commerce and Insurance** and **State Tax Commission** each assumed the proposal will have no fiscal impact on their respective organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these respective organizations.

In response to similar legislation, SB 835 (2026), officials from the **City of Osceola** assumed the proposal would 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 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>Revenue 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

Under current law, whenever an execution against the property of any judgment debtor must be returned unsatisfied, within five years of the return, the judgment creditor may be entitled to an order by the court rendering such judgment, requiring the judgment debtor to undergo an examination on the ability and means to satisfy the judgment, and in the case of neglect or refusal, issuing a writ of attachment and punishing the judgment debtor for contempt. This bill provides a judgment creditor must, upon motion made at any time before the judgment is satisfied of record and presumed paid, be entitled to such orders.

Additionally, under current law, a judgment debtor can be granted immunity from prosecution by any prosecuting or circuit attorney for statements made at a judgment debtor's examination. This bill instead requires a judgment debtor to enjoy full use and derivative immunity and provides that no testimony in an examination can be used against a witness, except in cases of perjury or for giving false statements.

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

- (1) Household furnishings and goods, apparel, appliances, books, animals, crops, or musical instruments, held for personal, family, or household use from the current amount of \$3,000 to \$15,000 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 of \$3,000;

(5) Any motor vehicles from the current amount of \$3,000 to \$5,000, and can 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 provides that the maximum value for the property that is exempted from attachment and execution and the amount of a homestead exemption must be adjusted by the Revisor of Statutes every three years beginning April 1, 2029.

This bill outlines orders of garnishment issued for the purpose of attaching to account funds held by a "financial institution", as such term is defined in the bill. Such orders must attach on the date of service, provided that the effective date of service is a banking day and made prior to the business cutoff time, in which case it will attach the next business day. If an account receives electronic deposits for exempted funds, the attachment date must be the date and banking day that the financial institution applies for the look-back analysis. Additionally, where there are two or more accounts, the amount can be withheld from any of the accounts identified in the order and attachment dates between the accounts can be different depending on the look-back analysis.

If the account is held in joint tenancy with an individual not subject to the order of garnishment, the entire amount must be withheld. Furthermore, the garnishee will not be liable to the joint owners if the funds are later proven to be not of the judgment debtors.

The return date for orders of garnishment must not be less than 30 days from the effective date of service. This bill also provides certain information to be included in orders of garnishment for funds held by financial institutions.

No party will seek a garnishment of account funds held by a financial institution unless there is a good-faith belief that the party to be served with the garnishment has, or will have, account assets of the judgment debtor. No more than one garnishment for the same claim and against the same judgment debtor will be issued within any 30-day period, unless exempted by court order, as detailed in the bill.

Furthermore, a financial institution does not have a duty to investigate or assert the defenses of a judgment debtor. A financial institution served with an order of garnishment and interrogatories must answer within 20 days and will release funds to the judgment debtor 60 days after an answer is submitted, or sooner if required under an order to pay or paid into the court. A financial institution is not required to respond to interrogatories not related to account funds.

The provisions of this bill relating to orders of garnishment for funds held by financial institutions must be effective on January 1, 2028, and authorizes the Missouri Supreme Court to adopt rule amendments or issue a specific rule and forms to implement this Section. The

provisions of the bill relating to the attachment and execution have a delayed effective day of 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
Oversight Division
City of Kansas City
Phelps County Sheriff



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March 10, 2026



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