

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4824S.06F  
 Bill No.: SS for HCS for HB 1870  
 Subject: Banks and Financial Institutions; Civil Procedure  
 Type: Original  
 Date: April 16, 2026

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Bill Summary: This proposal modifies provisions relating 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)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

\*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
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

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

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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
<b>Local Government*</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\*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 – 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.

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

Officials from the **City of Kansas City** state the proposed legislation has a negative fiscal impact of an indeterminate amount but at least \$250,000.00. Currently, the banks are 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 are \$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 \$2000, the bank would also hold that \$2000. At the return date, the bank would send the \$2500 plus any other funds held. Under this new section the bank would only send the \$500 and nothing that is put into the account afterwards. The majority of the funds we collect 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 \$1500 wildcard exemption would reduce the amount we could collect in a garnishment if a party were to invoke this section.

In addition, there is language in the bill that will give the financial institution 60 days to pay out potentially (525.235.8), although that section is confusing and it seems like the legislature is using the words judgment debtor when they mean judgment creditor. Depending on which they mean, this section would either run afoul of Supreme Court Rule 90.10 (if they mean judgment creditor) which requires that the garnishee pay/deliver such property to the court or attorney not later than ten days after the return date without order of the Court, or (if they do mean judgment debtor) it could cause undue hardship for the judgment debtor by freezing their account for up to 60 days.

**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, Office of the Secretary of State, Joint Committee on Administrative Rules** 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 would 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<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>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>

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

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

This proposal modifies provisions relating to garnishments.

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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