

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5104H.02I  
 Bill No.: HB 2206  
 Subject: Real and Personal Property; Department of Revenue; Crimes and Punishment  
 Type: Original  
 Date: February 18, 2026

Bill Summary: This proposal modifies practices and standards in regard to certain commercial practices.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

| FUND AFFECTED  | FY 2027                               | FY 2028                             | FY 2029                             |
|--|---------------------------------------|-------------------------------------|-------------------------------------|
| General Revenue*                                     | (Could exceed<br>\$1,374,450)         | (Could exceed<br>\$460,253)         | (Could exceed<br>\$468,151)         |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>(Could exceed<br/>\$1,374,450)</b> | <b>(Could exceed<br/>\$460,253)</b> | <b>(Could exceed<br/>\$468,151)</b> |

\*DOC notes that current capacity will be met by July 2029 (FY 2030) or potentially much sooner. Therefore, Oversight has made the decision to reflect the marginal cost of incarceration up to an unknown cost if DOC needs to add staff and/or rehabilitate, expand or construct additional capacity. Oversight assumes the unknown cost has the potential to exceed \$250,000.

**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      |
|--|--------------|--------------|--------------|
| General Revenue                          | 4 FTE        | 4 FTE        | 4 FTE        |
|  |              |              |              |
| <b>Total Estimated Net Effect on FTE</b> | <b>4 FTE</b> | <b>4 FTE</b> | <b>4 FTE</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 to (Unknown)</b> | <b>Unknown to (Unknown)</b> | <b>Unknown to (Unknown)</b> |

## FISCAL ANALYSIS

### ASSUMPTION

#### §407.300 – Sale of Certain Materials

Officials from the **Department of Corrections (DOC)** state §407.300 modifies provisions related to maintaining records for the sale of catalytic converters, enhancing the penalty for violations from fines to a class E felony.

Officials from the **Department of Revenue (DOR)** assume the following:

#### Administrative Impact

To implement the proposed changes, the DOR will be required to:

- Create new form for public use.
- Update current procedures, correspondence letters, and information on website;
- Implement new call lines and/or update current lines to handle these calls
- Update the Dealer and Business Operating Manual;
- Send communications to stakeholders as applicable;
- Hire additional FTE as needed to handle additional paperwork;
- Hire additional FTE as needed to handle compliance and investigations.
- Procure equipment needed for any additional FTE.

To implement the proposed legislation, DOR agrees they can absorb the phone calls with DOR's general line but will need two (2) additional FTE for processing any records that come into DOR. Along with 2 additional CIB FTE agents for the compliance and investigation enforcement. The current number of scrap metal operators, junk dealers and other collectors and sellers of secondhand property is unknown to DOR, therefore the number of businesses that fall into such category and are now required to report to the DOR is unknown.

In addition, with business license revocation being able to occur after one violation rather than three, DOR foresee a need for additional legal resources to pursue such revocation actions and defending any appeals which may arise from the revocation.

#### FY 2027 – Systems Analysis and Support

Associate Research/Data Analyst 996 hrs. @ \$31.16 per hr. = \$ 31,035

Research/Data Analyst 249 hrs. @ \$37.14 per hr. = \$ 9,248

Administrative Manager 125 hrs. @ \$51.40 per hr. = \$ 6,425

FY 2027 – Strategy and Communications Office

Associate Research/Data Analyst 150 hrs. @ \$31.16 per hr. = \$4,674

Research/Data Analyst 60 hrs. @ \$37.14 per hr. = \$ 2,228

Administrative Total - \$53,610

**Oversight** assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

FY2027 - Motor Vehicle Bureau additional FTE cost

Associate Customer Service Representative \$42,952.80

Equipment costs for laptops, dock and software \$1,414.80

Additional monitors needed 2 @ \$161.20 each

Cubicle, chair, calculator \$10,848

Phone \$169

Headset \$125

Total \$55,832 \* 2 FTE = \$111,664

FY 2027 – Motor Vehicle Bureau additional FTE cost

Senior Commissioned Investigator \$71,306.40

Equipment costs for laptop, dock, and software \$1,414.80

Additional monitors needed \$161.20 \* 2

Cubicle, chair \$10,759.00

Phone \$169

Vehicle \$36,949.00

Total \$120,920 \* 2 FTE

FTE TOTAL ` \$241,841

*FUSION Impact*

To implement reporting mechanism within Fusion for Salvage Dealers and Dismantlers, Rebuilders, Body Shops, and Scrap Processors to report purchases of copper, brass, or bronze; aluminum wire, cable, pipe, tubing, bar, ingot, rod, fitting, and fasteners; material containing copper or aluminum used for farming purposes; detached catalytic converter; motor vehicle, heavy equipment, or tractor batteries, the estimated cost to add these changes into the new system is \$900,000.

The fiscal impact estimated above is based on changes in the current Department's Motor Vehicle system environment. The implementation of this legislation will be coordinated with the integration of the Department's Motor Vehicle and Driver Licensing software system approved and passed by the general assembly in 2020 (Senate Bill 176). To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the impact as provided by the DOR.

**Oversight** notes that violations of section 407.300.5 currently result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. However, this proposal removes the fines that are currently imposed under statute. Therefore, Oversight will reflect a potential negative fiscal impact of \$0 or Unknown to local school districts.

#### §415.415 - Notice for Sale by an Operator of a Self-Service Storage Facility

In response to similar legislation, Perfected HB 1120 (2023), officials from the **City of Claycomo** and the **City of Springfield** 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.

#### §570.030 – Stealing

**DOC** states this section expands the offense of stealing to include an individual receiving, retaining, or disposing of a catalytic converter that they reasonably suspect has been stolen. The associated penalty is a class E felony.

#### §570.031 – Unlawful Possession

**DOC** states this section added to create the offense of unlawful possession of a detached catalytic converter with the intent to sell. The associated penalty is a class E felony.

#### §578.100 – Repeals Sales on Sunday

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal repeals §578.100 which prohibits Sunday retail sales of motor vehicles, clothing, furniture, hardware, and other specified goods. This is expected to have no or minimal impact to TSR as B&P assumes the timing of purchases would change but not the overall amount purchased.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect no impact as provided by the B&P.

#### Responses regarding the proposed legislation as a whole

As these are new crimes, there is little direct data on which to base an estimate, and as such, the **DOC** estimates an impact comparable to the creation of three new class E felonies.

For each new nonviolent class E felony, the **DOC** estimates one person could be sentenced to prison and two to probation. The average sentence for a nonviolent class E felony offense is 3.4 years, with 1.4 years to first release. The remaining 1.3 years will be on parole. Probation sentences will be 3 years.

Combined Cumulative Estimated Impact

The combined cumulative estimated impact on the DOC is 6 additional offenders in prison and 21 additional offenders on field supervision by FY 2029.

|         | # to<br>prison | Cost per<br>year | Total Costs for<br><b>prison</b> | Change in<br>for<br>probation<br>& parole<br>officers | Total cost<br>for<br><b>probation<br/>and<br/>parole</b> | # to<br>probation<br>& parole | Grand Total -<br>Prison and<br>Probation<br>(includes 2%<br>inflation) |
|---------|----------------|------------------|----------------------------------|---|--|-------------------------------|--|
| Year 1  | 3              | (\$11,123)       | (\$27,808)                       | 0   | \$0  | 6                             | (\$27,808)   |
| Year 2  | 6              | (\$11,123)       | (\$68,073)                       | 0   | \$0  | 12                            | (\$68,073)   |
| Year 3  | 6              | (\$11,123)       | (\$69,434)                       | 0   | \$0  | 21                            | (\$69,434)   |
| Year 4  | 6              | (\$11,123)       | (\$70,823)                       | 0   | \$0  | 21                            | (\$70,823)   |
| Year 5  | 6              | (\$11,123)       | (\$72,239)                       | 0   | \$0  | 21                            | (\$72,239)   |
| Year 6  | 6              | (\$11,123)       | (\$73,684)                       | 0   | \$0  | 21                            | (\$73,684)   |
| Year 7  | 6              | (\$11,123)       | (\$75,158)                       | 0   | \$0  | 21                            | (\$75,158)   |
| Year 8  | 6              | (\$11,123)       | (\$76,661)                       | 0   | \$0  | 21                            | (\$76,661)   |
| Year 9  | 6              | (\$11,123)       | (\$78,194)                       | 0   | \$0  | 21                            | (\$78,194)   |
| Year 10 | 6              | (\$11,123)       | (\$79,758)                       | 0   | \$0  | 21                            | (\$79,758)   |

The DOC will assume a marginal cost (multiplied by number of offenders) for any projected increase or decrease in the incarcerated population. Marginal cost is \$30.47 per day or an annual cost of \$11,123 per offender which includes costs such as medical, food, wages and operational E&E. The unknown amount is a result of the uncertainty in the growth of the underlying offender population. The impact of any new legislation combined with the growth of the underlying population could result in the tiered approach below in order to meet the population demands.

1. Fully staffing DOC current capacity (27,368) which is habitable, but DOC does not have the staffing resources for all bed space.
2. Rehabilitating current space that is not currently habitable and obtaining staffing resources for that space (requires capital improvements).
3. Expanding new capacity by adding housing units or wings to existing prisons and obtaining staffing resources for that space (requires capital improvements).
4. Constructing a new prison and obtaining staffing resources. Based on current construction projects in other Midwest states, the DOC estimates the cost of constructing a new 1,500-bed maximum security prison at approximately \$825 million to \$900 million

plus annual operating costs of approximately \$50 million (requires capital improvements).

The DOC's population projections indicate current physical capacity will be met by July 2029; however recent trends indicate that capacity could be met much sooner. Should new construction be the result of the increasing offender population, the full cost per day per offender would be used which is \$106.96 or an annual cost of \$39,040. This includes all items in the marginal cost calculation plus fringe, personal service, utilities, etc.

DOC's cost of probation or parole is determined by the number of P&P Officer II positions that are needed to cover its caseload. The DOC average district caseload across the state is 51 offender cases per officer. An increase/decrease of 51 cases would result in a cost/cost avoidance equal to the salary, fringe, and equipment and expenses of one P&P Officer II. Increases/decreases smaller than 51 offender cases are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

\* If this impact statement has changed from statements submitted in previous years, it could be due to an increase/decrease in the number of offenders, a change in the cost per day for institutional offenders, and/or an increase in staff salaries.

**Oversight** does not have any information contrary to that provided by DOC. Therefore, Oversight will reflect DOC's impact for fiscal note purposes.

Officials from the **Office of Administration - Budget and Planning (B&P)** state this bill imposes new requirements on salvage dealers (§301.218) and scrap metal dealers (§407.300) as well as new rules against deceptive solicitations (§407.313) and a new offense of unlawful possession of a detached catalytic converter (§§570.030 and 570.031). Article IX, Section 7 of the Missouri Constitution requires that penalties, forfeitures, and fines collected for violations of state law be distributed to the schools. To the extent any additional such revenues are deposited into the state treasury, TSR may increase by an unknown amount.

**Oversight** notes that violations of §§301.218, 407.300, 407.313, 570.030 and 570.031 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 or Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Officials from the **Office of the State Public Defender (SPD)** state per the National Public Defense Workload Study, the new charges contemplated by the addition of §§407.300(5) and

570.031 would take up to approximately thirty-five hours of SPD work for reasonably effective representation for each new case filed. If one hundred cases were filed under this section in a fiscal year, representation would result in a need for an additional one to two attorneys. Because the number of cases that will be filed under this statute is unknown, the exact additional number of attorneys necessary is unknown. Each case would also result in unknown increased costs in the need for core staff, travel, and litigation expenses.

**Oversight** assumes this proposal will create a minimal number of new cases and that the SPD can absorb the additional caseload required by this proposal with current staff and resources. Therefore, Oversight will reflect no fiscal impact to the SPD for fiscal note purposes. However, if multiple bills pass which require additional staffing and duties, the SPD may request funding through the appropriation process.

Officials from the **Attorney General's Office, Department of Natural Resources, Missouri Highway Patrol, Missouri Department of Agriculture, Missouri Department of Transportation, Office of Administration, Office of the Secretary of State, City of Kansas City, Phelps County Sheriff's Department, Branson Police Department, Kansas City Police Department, St. Louis County Police Department** and the **Joint Committee on Administrative Rules** 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 similar legislation, Perfected HB 757 (2025), officials from the **Office of the State Courts Administrator, Missouri Office of Prosecution Services** and the **City of O'Fallon** 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.

| <u>FISCAL IMPACT – State Government</u>   | FY 2027<br>(10 Mo.)                      | FY 2028                                | FY 2029                                |
|---|--|--|--|
| <b>GENERAL REVENUE</b>  |  |  |  |
| <u>Cost – DOC (§§407.300, 570.030, 570.031) Increased incarceration costs p.6</u> | (\$27,808 to Unknown)                    | (\$68,073 to Unknown)                  | (\$69,434 to Unknown)                  |
| <u>Cost – DOR (§407.300) Vendor Implementation (FUSION) p.4</u>                   | (\$900,000)                              | \$0                                    | \$0                                    |
| <u>Cost – DOR (§407.300) p.4-5</u>  |  |  |  |
| Personal Service  | (\$190,432)                              | (\$233,088)                            | (\$237,750)                            |
| Fringe Benefits   | (\$131,045)                              | (\$159,092)                            | (\$160,967)                            |
| Expense and Equipment   | (\$125,165)                              | \$0                                    | \$0                                    |
| <u>Total Cost – DOR</u>   | <u>(\$446,642)</u>                       | <u>(\$392,180)</u>                     | <u>(\$398,717)</u>                     |
| FTE Change – DOR  | 4 FTE                                    | 4 FTE                                  | 4 FTE                                  |
| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>                                    | <b>(Could exceed <u>\$1,374,450</u>)</b> | <b>(Could exceed <u>\$460,253</u>)</b> | <b>(Could exceed <u>\$468,151</u>)</b> |
| Estimated Net FTE Change on General Revenue                                       | 4 FTE                                    | 4 FTE                                  | 4 FTE                                  |

| <u>FISCAL IMPACT – Local Government</u>  | FY 2027<br>(10 Mo.)                | FY 2028                            | FY 2029                            |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>LOCAL POLITICAL SUBDIVISIONS</b>  |                                    |                                    |                                    |
| <u>Revenue Gain – School Districts (§§301.218, 407.300, 407.313, 570.030 and 570.031) potential fine revenue p.7</u> | \$0 or Unknown                     | \$0 or Unknown                     | \$0 or Unknown                     |
| <u>Revenue Loss – Schools Districts (§407.300.5) Removal of specific fines from violations p. 5</u>                  | \$0 or <u>(Unknown)</u>            | \$0 or <u>(Unknown)</u>            | \$0 or <u>(Unknown)</u>            |
| <b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>  | <b>Unknown to <u>(Unknown)</u></b> | <b>Unknown to <u>(Unknown)</u></b> | <b>Unknown to <u>(Unknown)</u></b> |

FISCAL IMPACT – Small Business

Small scrap businesses would be impacted by this proposal. §§407.300, 570.030 & 570.031

Small business storage facilities could see a direct fiscal impact from this proposal since it allows other reasonable methods of advertising to be used to sell defaulted property. §415.415

FISCAL DESCRIPTION

Currently, a person who engages in the business of salvaging, wrecking, or dismantling vehicles for resale of the parts thereof must be licensed by the Department of Revenue (DOR). This bill modifies this provision to include those persons who engage in the buying or selling of catalytic converters or the component parts of catalytic converters.

Currently, all dealers of junk, scrap metal, or other secondhand property must keep records of certain transactions. This bill requires that all records of the purchase or trade-in of a detached catalytic converter must include:

- (1) Either proof that the seller is a bona fide automobile repair shop, or an affidavit that attests the detached catalytic converter was acquired lawfully; and
- (2) The make, model, year, and vehicle identification number of the vehicle from which the detached catalytic converter originated.

Currently, dealers in junk, scrap metal, or other secondhand property must keep records of certain transactions for a minimum of 36 months. This bill increases the length of time to four years. The DOR must provide a standardized form for recording the transactions, and must submit said forms at least monthly to DOR.

The bill specifies that it is unlawful for a person to solicit payment of moneys by any writing that could be considered a bill, invoice, or statement of account due, but is in fact a solicitation for an order, unless the solicitation meets the requirements specified in the bill, including a disclaimer printed on the face of the solicitation. Any person damaged by the noncompliance of this section is entitled to damages in an amount equal to three times the sum solicited.

Currently, the operator of a self-service storage facility who wishes to proceed with the sale of personal property stored within a leased space must satisfy certain requirements. This bill states that at least seven days before such a sale the operator must advertise the time, place, and terms of the sale in the classified section of a newspaper in the jurisdiction where the sale is to be held, or in any other commercially reasonable manner. The manner of advertisement must be deemed commercially reasonable if at least three independent bidders attend or view the sale at the time and place advertised.

A person will have committed the offense of stealing, if for the purpose of depriving the owner of a lawful interest therein, he or she receives, retains, or disposes of a catalytic converter and knows it has been stolen, believes it has been stolen, or reasonably should have suspected that such property was stolen.

A person will have committed the offense of unlawful possession of a detached catalytic converter if the person possesses a catalytic converter with the intent to sell unless:

- (1) The catalytic converter is possessed in the course of a legitimate business purpose;
- (2) The catalytic converter is a component or constituent part of an item or equipment owned by the individual; or
- (3) The possession of the catalytic converter is for some other lawful purpose.

The commission of such an offense is a Class E felony.

Currently, whoever engages in the sale of certain items, specified in the bill, on a Sunday is guilty of a misdemeanor. A county can seek an exemption to this provision by submitting such question to the voters. This bill repeals this language.

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  
    Budget and Planning  
    Office of the Commissioner  
Joint Committee on Administrative Rules  
City of Kansas City  
City of O'Fallon  
City of Claycomo  
City of Springfield  
Office of the Secretary of State  
Office of the State Courts Administrator  
Department of Corrections  
Department of Natural Resources  
Department of Public Safety - Missouri Highway Patrol  
Department of Revenue  
Missouri Department of Agriculture  
Missouri Department of Transportation  
Missouri Office of Prosecution Services

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Office of the State Public Defender  
Phelps County Sheriff's Department  
Branson Police Department  
Kansas City Police Department  
St. Louis County Police Department



Julie Morff  
Director  
February 18, 2026



Jessica Harris  
Assistant Director  
February 18, 2026