

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5714H.011
 Bill No.: HB 2423
 Subject: Department of Commerce and Insurance; Mortgages and Deeds; Banks and
 Financial Institutions; Mortgages and Deeds; Office of the State Treasurer
 Type: Original
 Date: January 14, 2026

Bill Summary: This proposal revises statutory provisions under Division of Finance by creating a new fund for depositing moneys collected and paid from licensing fees.

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
Consumer Licensing Fund	\$1,213,100	\$1,951,950	\$1,951,950
Division of Finance Fund (1550)	(\$1,108,275)	(\$1,477,700)	(\$1,477,700)
Total Estimated Net Effect on Other State Funds	\$104,825	\$474,250	\$474,250

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

§§361.70 – 436.570 – Consumer Licensing Fund and Division of Finance Provisions

Officials from the **Department of Commerce and Insurance (DCI) - Division of Finance (DOF)** assume the change to 361.749.2 requires earned wage access companies to pay an annual licensing fee for each location to the Division of Finance (DOF), as determined by the director of finance, not to exceed \$5,000 for their first location or \$1,000 for additional locations. DOF anticipates that annual licensing fees will not exceed \$2,000 for their first location and \$300 for additional locations. Except, for small or new companies who have not exceeded 100 active accounts at any point in the previous year, who shall pay an annual licensing fee, as determined by the director of finance, not to exceed \$1,000 for any location. DOF anticipates that the annual licensing fee for those with 100 or fewer accounts to be no more than \$500. Currently, the annual license fee for each location is \$1,000. The license year for these lenders runs from July 1 through June 30; therefore, DOF anticipates an increase in revenue of \$36,000 beginning with licenses issued on or after July 1, 2027.

The change to 364.030.3 requires retail financing companies to pay an annual licensing fee for each location to DOF, as determined by the director of finance, not to exceed \$5,000 for their first location or \$1,000 for additional locations. DOF anticipates that annual licensing fees will not exceed \$2,000 for their first location and \$300 for additional locations. Except, for companies who have not exceeded 100 active accounts at any point in the previous year, who shall pay an annual licensing fee, as determined by the director of finance, not to exceed \$1,000 for any location. DOF anticipates that the annual licensing fee for those with 100 or fewer accounts to be no more than \$500. Currently, the annual license fee for each location is \$600. The license year for these lenders runs from January 1 through December 31; therefore, DOF anticipates an increase in revenue of \$72,800 beginning with licenses issued on or after January 1, 2027.

The change to 364.105.2 requires premium finance companies to pay an annual licensing fee for each location to DOF, as determined by the director of finance, not to exceed \$5,000 for their first location or \$1,000 for additional locations. DOF anticipates that annual licensing fees will not exceed \$700 for their first location and \$300 for additional locations. Except, for companies who have not exceeded 100 active accounts at any point in the previous year, who shall pay an annual licensing fee, as determined by the director of finance, not to exceed \$1,000 for any location. DOF anticipates that the annual licensing fee for those with 100 or fewer accounts to be no more than \$500. Currently, the annual license fee for each location is \$600. The license year for these lenders runs from January 1 through December 31; therefore, DOF anticipates an increase in revenue of \$4,900 beginning with licenses issued on or after January 1, 2027.

The change to 365.030.3 requires motor vehicle finance companies to pay an annual licensing fee for each location to DOF, as determined by the director of finance, not to exceed \$5,000 for

their first location or \$1,000 for additional locations. DOF anticipates that annual licensing fees will not exceed \$2,000 for their first location and \$300 for additional locations. Except, for companies who have not exceeded 100 active accounts at any point in the previous year, who shall pay an annual licensing fee, as determined by the director of finance, not to exceed \$1,000 for any location. DOF anticipates that the annual licensing fee for those with 100 or fewer accounts to be no more than \$500. Currently, the annual license fee for each location is \$600. The license year for these lenders runs from January 1 through December 31; therefore, DOF anticipates an increase in revenue of \$200,800 beginning with licenses issued on or after January 1, 2027.

The change to 367.140.1 requires small loan and consumer installment lender companies to pay an annual licensing fee for each location to DOF, as determined by the director of finance, not to exceed \$5,000 for their first location or \$1,000 for additional locations. DOF anticipates that annual licensing fees will not exceed \$2,000 for their first location and \$300 for additional locations. Except, for companies who have not exceeded 100 active accounts at any point in the previous year, who shall pay an annual licensing fee, as determined by the director of finance, not to exceed \$1,000 for any location. DOF anticipates that the annual licensing fee for those with 100 or fewer accounts to be no more than \$500. Currently, the annual license fee for each location is \$600. The license year for these lenders runs from January 1 through December 31; therefore, DOF anticipates an increase in revenue of \$106,500 beginning with licenses issued on or after January 1, 2027

The change to 367.509.3 requires title loan companies to pay an annual licensing fee for each location to DOF, as determined by the director of finance, not to exceed \$5,000 for their first location or \$1,000 for additional locations. DOF anticipates that annual licensing fees will not exceed \$2,000 for their first location and \$300 for additional locations. Except, for companies who have not exceeded 100 active accounts at any point in the previous year, who shall pay an annual licensing fee, as determined by the director of finance, not to exceed \$1,000 for any location. DOF anticipates that the annual licensing fee for those with 100 or fewer accounts to be no more than \$500. Currently, the annual license fee for each location is \$1,000. The license year for these lenders runs from January 1 through December 31; therefore, DOF anticipates an increase in revenue of \$4,100 beginning with licenses issued on or after January 1, 2027.

The change to 407.640.5 requires credit service organizations to pay an annual licensing fee for each location to DOF, as determined by the director of finance, not to exceed \$1,000 for any location. DOF anticipates that the annual licensing fee will not exceed \$500. Currently, the annual license fee for each location is \$400. The license year for these lenders runs from July 1 through June 30; therefore, DOF anticipates an increase in revenue of \$3,100 beginning with licenses issued on or after January 1, 2027.

The change to 408.500.1 requires pay day loan companies to pay an annual licensing fee for each location to DOF, as determined by the director of finance, not to exceed \$5,000 for their first location or \$1,000 for additional locations. DOF anticipates that annual licensing fees will not exceed \$2000 for their first location and \$300 for additional locations. Except, for companies

who have not exceeded 100 active accounts at any point in the previous year, who shall pay an annual licensing fee, as determined by the director of finance, not to exceed \$1,000 for any location. DOF anticipates that the annual licensing fee for those with 100 or fewer accounts to be no more than \$500. Currently, the annual license fee for each location is \$600. The license year for these lenders runs from January 1 through December 31; therefore, DOF anticipates an increase in revenue of \$12,700 beginning with licenses issued on or after January 1, 2027.

The change to 436.570.1 requires consumer legal funding companies to pay an annual licensing fee for each location to DOF, as determined by the director of finance, not to exceed \$5,000 for their first location or \$1,000 for additional locations. DOF anticipates that annual licensing fees will not exceed \$2,000 for their first location and \$300 for additional locations. Except, for companies who have not exceeded 100 active accounts at any point in the previous year, who shall pay an annual licensing fee, as determined by the director of finance, not to exceed \$1,000 for any location. DOF anticipates that the annual licensing fee for those with 100 or fewer accounts to be no more than \$500. Currently, the annual license fee for each location is \$550. The license year for these lenders runs from July 1 through June 30; therefore, DOF anticipates an increase in revenue of \$33,350 beginning with licenses issued on or after July 1, 2027.

For the purposes of this estimate, DOF assumes the DOF established license fee and the number of each of these types of lenders will remain flat over the next three years. Full fiscal year revenue increases will not be realized until FY2028 due to receiving revenue cyclically based on licensing year interval and renewal timeframes. Not all license types will have licensees with additional locations or that will qualify for small/new lender status. These fees are currently deposited to the Division of Finance fund. This bill would create a Consumer Licensing Fund for DOF that would be utilized for deposit of these fees.

In summary, DCI assumes an estimated annual revenue increase of \$104,825 in FY 2027, \$474,250 in FY 2028 and \$474,250 in FY 2029 as a result of the implementation of changes in proposal.

A summary of types of licenses by RSMo. being affected is listed below:

RSMo.	Type of License
361.749.2	Earned Wage Access Company
364.030.3	Financing Company
364.105.2	Premium Financing Company
365.030.3	Motor Vehicle Finance Main Location
365.030.3	Motor Vehicle Finance-Branches
367.140.1	Small Loans – Main Location
367.140.1	Installment Lenders - Branches
367.140.1	Installment Lenders-Small/New Lender
367.140.1	Installment Lenders – Main Location
367.140.1	Installment Lenders-Branches
367.140.1	Installment Lenders-Small/New Lender
367.509.3	Title Lenders – Main Location
367.509.3	Title Lenders - Branches
367.509.3	Title Lenders-Small/New Lender
407.640.5	Credit Service Organizations
408.500.1	Pay Day Loans – Main Location
408.500.1	Pay Day Loans - Branches
408.500.1	Pay Day Loans-Small/New Lender
436.570.1	Consumer Legal Funding

	Total Estimated Annual Revenue (Without Increase)			Total Estimated Annual Revenue Increase		
	FY 2027	FY 2028	FY 2029	FY 2027	FY 2028	FY 2029
Current Annual Revenue						
	\$1,003,450	\$1,108,275	\$1,477,700	\$104,825	\$474,250	\$474,250

Since this legislation creates a new fund for deposit (Consumer Licensing Fund), for fiscal note purposes, **Oversight** will show the estimated annual revenue plus the estimated annual increase provided by DCI to the newly created Consumer Licensing Fund. Oversight will also show a loss of estimated annual revenue to the Division of Finance Fund (1550), since this fund will no longer be the fund used to deposit fees. (It should be noted that the total estimated annual revenue increase is the only revenue being generated as a result of this proposal).

Officials from the **Office of the State Treasurer** 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 this agency.

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
CONSUMER LICENSING FUND			
<u>Revenue – DCI (§§361.70-436.570)</u> Licensing Revenue Increase p.6	<u>\$1,213,100</u>	<u>\$1,951,950</u>	<u>\$1,951,950</u>
ESTIMATED NET EFFECT ON THE CONSUMER LICENSING FUND	<u>\$1,213,100</u>	<u>\$1,951,950</u>	<u>\$1,951,950</u>
DIVISION OF FINANCE FUND (1550)			
<u>Loss – DCI (§§361.70-436.570)</u> Creation of Consumer Licensing Fund for deposit of fees p.6	<u>(\$1,108,275)</u>	<u>(\$1,477,700)</u>	<u>(\$1,477,700)</u>
ESTIMATED NET EFFECT ON THE DIVISION OF FINANCE FUND	<u>(\$1,108,275)</u>	<u>(\$1,477,700)</u>	<u>(\$1,477,700)</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

No direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes the "Consumer Licensing Fund". The Fund is to consist of those fees charged for licensure by the Division of Finance. The Fund is to be used for all costs incurred by the Director of the Division in administering the provisions of law assigned to the Division.

Further, the bill modifies the fees charged for various entities regulated by the Division including entities applying for licensure in the areas of earned wage access services, financing institutions; premium finance companies; sales finance companies; entities engaged in small loans; credit service organizations; and consumer legal funding companies.

At the time of filing an application for licensure as one of the previously listed entities, the applicant must pay a licensing fee, to be determined by the Director from time to time, not to exceed \$5,000 and a fee for each additional location where such applicant conducts business, to be determined by the Director from time to time, not to exceed \$1,000. Applicants who have not exceeded 100 active accounts at any point in the previous licensing year, must pay a licensing fee, to be determined by the Director from time to time, not to exceed \$1,000 and a fee for each additional location where such applicant conducts business, to be determined by the Director from time to time, not to exceed \$1,000. The licensing period must run from July 1st to June 13th and all license fees paid pursuant to this bill must be credited to the Fund.

Under current law, the previously listed entities are required to pay a fee upon registering with the Division. This bill changes the terminology for such entities from being "registered" to being "licensed". This change applies to entities applying for licensure in the areas of earned wage access services, financing institutions, premium finance companies, sales finance companies, entities engaged in small loans, credit service organizations, and consumer legal funding companies.

The bill increases the fee that the Division can charge a credit service organization for filing a registration statement from \$400 to \$1,000.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 5714H.011

Bill No. HB 2423

Page 9 of 9

January 14, 2026

SOURCES OF INFORMATION

Department of Commerce and Insurance
Office of the State Treasurer
Office of the Secretary of State
Joint Committee on Administrative Rules

A handwritten signature in black ink that reads "Julie Morff". The signature is written in a cursive, flowing style.

Julie Morff
Director
January 14, 2026

Jessica Harris
Assistant Director