

ICOMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5994H.011
Bill No.: HB 2318
Subject: Mental Health; Health Care Professionals; Attorney General; Civil Penalties
Type: Original
Date: March 11, 2026

Bill Summary: This proposal creates provisions relating to artificial intelligence in mental health.

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 |
|---|-----------------------|-----------------------|-----------------------|
| Merchandising Practices Revolving* | \$0 or Unknown | \$0 or Unknown | \$0 or Unknown |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 or Unknown | \$0 or Unknown | \$0 or Unknown |

*Potential unknown violation/fines collected by the AGO assumed to be less than \$250,000 annually.

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

Officials from the **Missouri Office of Prosecution Services** did not respond to **Oversight's** request for a statement of fiscal impact for this proposal.

§407.3007 – Provisions Relating to Artificial Intelligence in Mental Health

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal would enact prohibitions against representing artificial intelligence as a mental health professional. The proposal authorizes the Attorney General to seek civil penalties of \$10,000 for a first violation and \$20,000 for subsequent violations. To the extent that these new civil penalties are collected and deposited into the state treasury, Total State Revenue may increase by an unknown amount.

Oversight notes the provisions of §407.3007.4 provide that if the AGO finds a violation of the provisions of this proposal have occurred, the AGO shall commence a civil action with civil penalties of \$10,000 for the first violation and \$20,000 for any subsequent violation. Oversight notes civil penalties for merchandising practices violations (Chapter 407) are deposited in the Merchandising Practices Revolving Fund (1631). Oversight will reflect a \$0 or Unknown positive fiscal impact to the Merchandising Practices Revolving Fund. It is assumed additional collections resulting from these changes will be less than \$250,000 annually.

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 does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the MODOT/MSHP Health Care Board for a statement of fiscal impact.

Officials from the **Office of Administration - Administrative Hearing Commission, Department of Commerce and Insurance, Department of Economic Development, Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Health and Senior Services, Department of Mental Health, Department of Natural Resources, Department of Corrections, Department of Labor and Industrial Relations, Department of Revenue, Department of Public Safety, Divisions of: Alcohol and Tobacco Control, Capitol Police, Fire Safety, Director's Office, Missouri Gaming Commission,, Missouri Veterans Commission and State Emergency**

Management Agency, Department of Social Services, Office of the Governor, Missouri Department of Agriculture, Missouri Department of Conservation, Missouri Ethics Commission, Missouri Department of Transportation, Missouri National Guard, MoDOT & Patrol Employees' Retirement System, Office of Administration, Office of the State Courts Administrator, Petroleum Storage Tank Insurance Fund, Office of the Secretary of State, Office of the State Public Defender, Office of the State Treasurer, City of Kansas City, Platte County Election Board, St. Louis City Election Board, St. Louis County Election Board, Newton County Health Department, St. Louis City Assessor, Phelps County Sheriff, Kansas City Police Department, St. Louis County Police Department, Eastern Clay Ambulance District, County Employees Retirement Fund, Kansas City Civilian Police Employees' Retirement, Kansas City Police Retirement System, Metro St. Louis District Employees Pension Plan, Public Education Employees' Retirement System, Sheriff's Retirement System, Metropolitan St. Louis Sewer District, South River Drainage District, Wayne County Public Water Supply District #2, Northwest Missouri State University, University of Central Missouri, Office of the Lieutenant Governor, Office of the State Auditor, Missouri House of Representatives, Joint Committee on Administrative Rules, Joint Committee on Public Employee Retirement, Legislative Research, Oversight Division, Missouri Senate, Missouri Lottery, Missouri Consolidated Health Care Plan, Missouri State Employee's Retirement System and State Tax Commission 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, SB 1444 (2026), officials from the **City of O'Fallon, Jackson County Election Board** and **Branson Police Department** each assumed the proposal would 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, local election authorities, various county officials, local public health department, nursing homes, local law enforcement agencies, fire protection districts, ambulance & EMS, retirement, schools/charter schools, utilities, hospitals, colleges and universities, electric companies and coops, and public libraries were requested to respond to this proposed legislation but did not. Upon the 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 |
|--|----------------------------------|----------------------------------|----------------------------------|
| MERCHANDING PRACTICES REVOLVING FUND (1631) | | | |
| <u>Revenue Gain – AGO (§407.3007)</u> Potential increase in collections for violations p.3 | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> |
| ESTIMATED NET EFFECT ON THE MERCHANDISING PRACTICES REVOLVING FUND | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</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

This proposal may impact small business mental health professionals if they violate the provisions of this proposal

FISCAL DESCRIPTION

This bill prohibits any person or entity that develops or deploys artificial intelligence in this state from advertising or representing to the public that the AI is, or is able to act as, a mental health professional or is capable of providing therapy services.

A violation of this provision constitutes an unlawful practice under the Missouri Merchandising Practices Act.

The Attorney General is required to enforce the provisions of this bill, though any individual can report violations to the Attorney General. If a violation is found to have occurred, the Attorney General must commence a civil action.

The bill provides for civil penalties as follows:

- (1) \$10,000 for the first violation; or
- (2) \$20,000 for any subsequent violation.

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 –
 Administrative Hearing Commission
 Budget and Planning
Department of Commerce and Insurance
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety –
 Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Director's Office
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri Veterans Commission
 State Emergency Management Agency
Department of Social Services
Office of the Governor
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri Department of Transportation
Missouri National Guard
MoDOT & Patrol Employees' Retirement System
Office of Administration
Office of the State Courts Administrator
Petroleum Storage Tank Insurance Fund
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
City of Kansas City
City of O'Fallon

Jackson County Election Board
Platte County Election Board
St. Louis City Election Board
St. Louis County Election Board
Newton County Health Department
St. Louis City Assessor
Phelps County Sheriff
Branson Police Department
Kansas City Police Department
St. Louis County Police Department
Eastern Clay Ambulance District
County Employees Retirement Fund
Kansas City Civilian Police Employees' Retirement
Kansas City Police Retirement System
Metro St. Louis Sewer District Employees Pension Plan
Public Education Employees' Retirement System
Sheriff's Retirement System
Metropolitan St, Louis Sewer District
South River Drainage District
Wayne County Public Water Supply District #2
Northwest Missouri State University
University of Central Missouri
Office of the Lieutenant Governor
Office of the State Auditor
Missouri House of Representatives
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Legislative Research
Oversight Division
Missouri Senate
Missouri Lottery
Missouri Consolidated Health Care Plan
Missouri State Employee's Retirement System
State Tax Commission



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