

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6183H.04C
 Bill No.: HCS for HB 2902
 Subject: Motor Vehicles; Crimes and Punishment; Boards, Commissions, Committees, and Councils; Law Enforcement Officers and Agencies
 Type: Original
 Date: March 25, 2026

Bill Summary: This proposal modifies provisions relating to automobile theft.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(Could exceed \$946,346)	(\$113,455 to Unknown)	(\$138,868 to Unknown)
Total Estimated Net Effect on General Revenue	(Could exceed \$946,346)	(\$113,455 to Unknown)	(\$138,868 to Unknown)

*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
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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

§§301.218, 407.300, 570.030, 570.031 & 570.097 – Automobile Theft

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

Administrative Impact

Compliance and Investigation Bureau (CIB)

If enacted there would be an impact to an unknown number of small businesses that would be required to obtain a salvage license. The impact to CIB is unknown; but would require the issuance of salvage licenses and maintain salvage license compliance concerns for businesses that are currently not required to be licensed.

To implement the proposed changes, the Department of Revenue would be required to:

- Create new online reporting for licensees, DOR reporting of licensee information
- Update current procedures, correspondence letters, and information on the website
- Update the Dealer and Business operating manual
- Send communications to stakeholders as applicable

There is no data to assist in determining the volume of orders the department will receive. If the increase is more significant than anticipated, and unable to be absorbed by existing staff, additional FTE may be requested through the routine appropriations process.

FY 2027 – Systems Analysis & Support

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

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

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

FY 2027 – Strategy & Communications Office

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

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

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.

FUSION Impact

DOR notes: Development: 4,000 hrs. @ \$225/hr. = **\$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 FUSION estimate as provided by DOR.

Officials from the **Department of Corrections (DOC)** assume Section 407.300 enhances the penalty for purchasing a stolen detached catalytic converter from a fine to a class E felony.

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

For each new nonviolent class E felony, the department 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.

The cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2029.

Section 570.031 creates the offense of unlawful possession of a detached catalytic converter, the penalty of which is a class E felony.

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

For each new nonviolent class E felony, the department 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.

The cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2029.

Section 570.097 creates a class D felony offense when a person knowingly manufactures, sells, offers to sell, transfers, or possesses a motor vehicle key programming or emulating device or a relay attack device, or aids or permits another to use a motor vehicle key programming or emulating device or relay attack device. Any person who fails to report a lost or stolen device shall be guilty of a class A misdemeanor.

As misdemeanors fall outside the purview of DOC, there is no impact to DOC for the offense resulting in the class A misdemeanor. The offense resulting in a class D felony would be considered a new crime. As there is little direct data on which to base an estimate, the department estimates an impact comparable to the creation of a new class D felony.

For each new nonviolent class D felony, the department estimates three people could be sentenced to prison and five to probation. The average sentence for a nonviolent class D felony offense is 5 years, with 1.7 years to first release. The remaining 2.2 years will be on parole. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 8 additional offenders in prison and 16 additional offenders on field supervision by FY 2029.

Cumulative Impact

The cumulative impact on the department is estimated to be 12 additional offenders in prison and 36 additional offenders on field supervision by FY 2029.

	# to prison	Cost per year	Total Costs for prison	Change in probation & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	5	(\$11,123)	\$ 46,346	0	\$0	9	\$ 46,346
Year 2	10	(\$11,123)	\$ 113,455	0	\$0	18	\$ 113,455
Year 3	12	(\$11,123)	\$ 138,868	0	\$0	30	\$ 138,868
Year 4	12	(\$11,123)	\$ 141,646	0	\$0	33	\$ 141,646
Year 5	12	(\$11,123)	\$ 144,479	0	\$0	36	\$ 144,479
Year 6	12	(\$11,123)	\$ 147,368	0	\$0	36	\$ 147,368
Year 7	12	(\$11,123)	\$ 150,316	0	\$0	36	\$ 150,316
Year 8	12	(\$11,123)	\$ 153,322	0	\$0	36	\$ 153,322
Year 9	12	(\$11,123)	\$ 156,388	0	\$0	36	\$ 156,388
Year 10	12	(\$11,123)	\$ 159,516	0	\$0	36	\$ 159,516

The department 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 the 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 department 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 department'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 information to the contrary and therefore, Oversight will reflect the estimates as provided by DOC.

Officials from the **Office of the State Public Defender (SPD)** state per the National Public Defense Workload Study, the charge contemplated by Sections 407.300, 570.031, and 570.097(5) would take approximately thirty-five hours of SPD work for reasonably effective representation for each 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.

Per the recently released National Public Defense Workload Study, the new charge contemplated by this change to Section 570.097(6) would take approximately twenty-two hours of SPD work for reasonably effective representation. If one hundred cases were filed under this section in a fiscal year, representation would result in a need for an additional attorney. 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. However, if the charge was classified as a class D misdemeanor no jail time would be authorized and the cases would not qualify for SPD representation.

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.

In response to a previous version, officials from the **Office of Attorney General (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 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 Commerce and Insurance, Department of Public Safety - Office of the Director, Missouri Department of Transportation, Department of Public Safety - Missouri Highway Patrol, Office of the State Treasurer, Phelps County Sheriff, Kansas City Police Department and St. Louis County Police Department** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Office of the State Courts Administrator and Branson Police Department** each assumed the proposal would not have a 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 local law enforcement agencies 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.

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 – DOC (§§407.300, 570.031 & 570.097) Increased incarceration costs p.5</u>	(\$46,346 to Unknown)	(\$113,455 to Unknown)	(\$138,868 to Unknown)
<u>Cost – DOR (§§301.218 – 570.097) FUSION p. 4</u>	(\$900,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed \$946,346)	(\$113,455 to Unknown)	(\$138,868 to Unknown)

<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

Purchasers, collectors, and dealers in the goods outlined in this proposal would be required to maintain additional information for specifically the sale of catalytic converters. Additionally, all sales records would need to be maintained for 4 years instead of the current 3. Finally, businesses would be required to report these sales to the DOR.

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.

This bill provides that 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.

This bill provides that 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.

This bill provides that the manufacture, sale, attempted sale, transfer, or possession of a motor vehicle key programming or emulating device, or a relay attack device, as such terms are defined in the bill, will be a class D felony. The bill provides exceptions for certain authorized users. Any authorized user must report a lost or stolen device within 48 hours of becoming aware that the device was lost or stolen. Failure to comply with this reporting requirement will be a class A misdemeanor.

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

Department of Public Safety
 Director's Office
 Missouri Highway Patrol
Department of Corrections
Department of Revenue
Missouri Department of Transportation
Office of the State Public Defender
Office of the State Courts Administrator
Attorney General's Office
Department of Commerce and Insurance
Branson Police Department
Phelps County Sheriff
Kansas City Police Department
St. Louis County Police Department



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