

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6245H.011
 Bill No.: HB 2777
 Subject: Civil Procedure; Courts; Political Subdivisions; Liability
 Type: Original
 Date: April 1, 2026

Bill Summary: This proposal establishes the "Public Nuisance Reform Act".

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)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Potential increase in payments for nuisance claims is assumed to be less than \$250,000 annually.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Various State *	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Legal Expense**	\$0	\$0	\$0
College & University*	\$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 increase in payments for nuisance claims is assumed to be less than \$250,000 annually.

**Transfers in and cost to pay nuisance claims assumed to net to \$0.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Federal*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Potential increase in payments for nuisance claims is assumed to be less than \$250,000 annually.

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 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office, Office of Administration - Budget and Planning, Office of the State Courts Administrator and Missouri Office of Prosecution Services** did not respond to **Oversight's** request for a statement of fiscal impact for this proposal.

§537.1650 – Public Nuisance Reform Act

Officials from the **Office of Administration (OA)** state §537.1650 has the potential to increase costs to the state Legal Expense Fund (LEF) for actions alleging violation of this public nuisance provision. This change will be subject to judicial construction; therefore, the cost impact to the state is unknown.

Oversight notes because this bill creates a possible new cause of action, Oversight will show a net \$0 direct fiscal impact to the LEF and a possible \$0 to (unknown) fiscal impact to General Revenue and other state funds. Oversight notes the possible litigation exposure as described by OA could also apply to colleges and universities, federal funds, as well as local political subdivisions as the LEF does not cover costs for local political subdivisions or colleges and universities in most cases. For fiscal note purposes only, Oversight will range costs from \$0 to (Unknown) for all funds.

Officials from the **Office of the Governor (GOV)** state this bill adds to the Governor's current duties. Individually, additional requirements should not fiscally impact the GOV. However, the cumulative impact of additional duties across all enacted legislation may require additional resources for the GOV.

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 Highway Patrol, Missouri Veterans Commission, and State Emergency Management Agency, Department of Social Services, Missouri Department of Agriculture, Missouri Department of Conservation, Missouri Ethics Commission, Missouri Department of Transportation, Missouri National Guard, MoDOT & Patrol Employees' Retirement System, Petroleum Storage Tank Insurance Fund, Office of the State Public Defender, Office of the State Treasurer, University of Missouri System, City of Kansas City, Platte County Election Board, St. Louis City Election Board, St. Louis County Election Board, Newton County Health Department, 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, 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 Public Employee Retirement, Legislative Research, Oversight Division, Missouri Senate, Missouri Lottery, Missouri Consolidated Health Care Plan, Missouri State Employee's Retirement System and the 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.

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.

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 departments, 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
GENERAL REVENUE			
<u>Cost</u> – (§537.1650) Potential increase in payments to the Legal Expense Fund for increase in public nuisance claims p.3	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
VARIOUS STATE FUNDS			
<u>Cost</u> - (§537.1650) Potential increase in payments to Legal Expense Fund for increase in public nuisance claims p.3	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
LEGAL EXPENSE FUND (1692)			
<u>Transfers In</u> – (§537.1650) GR, Various State, and Federal Funds – potential increase in public nuisance claims p.3	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer Out</u> – Payment of public nuisance claims (§537.1650) p.3	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
COLLEGE AND UNIVERSITY FUNDS			
<u>Cost</u> – (§537.1650) Colleges & Universities – Potential increase in public nuisance claims p.3	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON COLLEGE AND UNIVERSITY FUNDS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
FEDERAL FUNDS			
<u>Cost</u> - (§537.1650) Potential increase in payments to Legal Expense Fund for increase in claims p.3	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> - Colleges & Universities (§537.1650) Potential increase in public nuisance claims (§537.1650) p.3	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

FISCAL IMPACT – Small Business

This proposal may impact small businesses if they are subject to public nuisance claims.

FISCAL DESCRIPTION

This bill establishes the "Public Nuisance Reform Act", which establishes a nonexclusive list of actions or conditions that will not be considered a public nuisance or otherwise form the basis for a public nuisance cause of action. The Act requires a plaintiff in a public nuisance claim to plead with particularity and prove by a preponderance of the evidence that each named defendant's actions were both a but-for and proximate cause of the alleged public nuisance. A public nuisance cause of action can be brought by, on the relation of, or in the name of a political subdivision only if the alleged public nuisance is wholly contained within the jurisdiction of that political subdivision. In all other circumstances, a public nuisance cause of action can be brought only by the Missouri Attorney General after conferring with and receiving in writing the approval of the Governor. A private citizen can bring a public nuisance claim only if the person has sustained a special injury proximately caused by the defendant's conduct and only if the person proves, by clear and convincing evidence, the existence of the special injury caused by the defendant. A public nuisance claim must be brought within three years of when the plaintiff knew or should have known of the defendant's conduct that caused the public nuisance, and no public nuisance claim will recover damages for conduct occurring more than 10 years before the date on which the complaint was filed.

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

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 –
 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
Petroleum Storage Tank Insurance Fund
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
University of Missouri System
City of Kansas City
Platte County Election Board
St. Louis City Election Board
St. Louis County Election Board
Newton County Health Department
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
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

L.R. No. 6245H.01I

Bill No. HB 2777

Page **10** of **10**

April 1, 2026

Missouri Consolidated Health Care Plan
Missouri State Employee's Retirement System
State Tax Commission



Julie Morff
Director
April 1, 2026



Jessica Harris
Assistant Director
April 1, 2026