

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6408H.03C
 Bill No.: HCS for HB 2908
 Subject: Securities; Treasurer, State; Business and Commerce
 Type: Original
 Date: April 14, 2026

Bill Summary: This proposal modifies provisions within the Missouri Securities Act of 2003.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(\$100,325)	(\$100,325) Up to \$2,465,470	(\$100,325) Up to \$2,509,256
Total Estimated Net Effect on General Revenue*	(\$100,325)	(\$100,325) Up to \$2,465,470	(\$100,325) Up to \$2,509,256

*Oversight notes the cost of 0 to 23 FTE for the Securities Division will now be paid from Securities Division Fund rather than General Revenue if revenue generation in the Securities Division Fund is sufficient.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Security Division Fund*	\$0 Up to \$250,000	\$0 Up to \$250,000	\$0 Up to \$250,000
Restitution Recovery Fund*	\$0 Up to \$1,000,000	\$0 Up to \$1,000,000	\$0 Up to \$1,000,000
Investor Education and Protection Fund (1829)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on Other State Funds	\$0 to Could exceed \$1,250,000	\$0 to Could exceed \$1,250,000	\$0 to Could exceed \$1,250,000

*Revenue gain and costs either net to zero or the revenue gain exceeds costs up to the maximum amount allowed to accrue in the fund (and excess funds are transferred out).

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
General Revenue	0 FTE	0 to (23) FTE	0 to (23) FTE
Securities Division Fun	0 FTE	0 to 23 FTE	0 to 23 FTE
Total Estimated Net Effect on FTE*	0 FTE	0 FTE	0 FTE

*Oversight notes the cost of 0 to 23 FTE for the Securities Division will now be paid from Securities Division Fund rather than General Revenue if revenue generation is sufficient. The net effect of FTE is 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

§§409.4-410 and 409.6-601 – Missouri Securities Act of 2003

Officials from the **Office of the Secretary of State (SOS)** state:

Section 409.4-410

This section authorizes a potential filing fee increase by rule. For a given fiscal year, any costs, revenue loss, revenue increase, or cost savings will depend on currently unknown factors that are part of the following:

- (1) The amount of any increase in individual filing fees for registration under section 409.4-410(h), which can range from \$1/individual to \$25/individual in an eight-year period; and
- (2) Any increase or decrease in the numbers of individuals filing for registration.

Section 409.6-601

This section results in the gradual deposit into the new “Securities Division Fund” (SD fund) of percentages of certain individual filing fees imposed under section 409.4-410(b) and (d), and resulting in those fees not being deposited in the General Revenue fund as other fees are. This money represents money necessary for the operations of the Securities Division and is subject to deposit into the SD fund as follows:

- For FY 2027 and subsequent fiscal years, one hundred percent of money collected from a fee increase under section 409.4-410(h) and (i), and one hundred percent of charges assessed under section 409.4-411(d);
- Beginning with FY 2027, fifty percent of individual filing fees imposed under section 409.4-410(b) and (d) on initial registrations occurring after the effective date of the section and fifty percent of filing fees for such registrants’ renewals or changes of registration; and
- After twenty years, fifty percent of all individual filing fees imposed under section 409.4-410(b) and (d).

Agent and Representative \$50 Fees Collected:

2023 – 3,564 initial agents, 610 initial representatives took in \$208,700

2024 – 3,204 initial agents, 708 initial representatives took in \$195,600

2025 – 3,282 initial agents, 671 initial representatives took in \$197,650

In summary SOS assumes the following FTE costs:

FY 2027 \$151,203
FY 2028 \$184,418
FY 2029 \$187,452

The actual amounts to be deposited into the SD fund are unknown, since the money from imposed fees could increase or decrease depending on the number of registrants and the increase or decrease of fees imposed by rule under section 409.4-410(h) and (i). Based on data SOS is able to request from industry regulators, the average number of initial registrants over the past five years has been approximately 4,267 each year, resulting in an average of approximately \$213,350 per year (\$50/registrator multiplied by an average of 4,267 registrants). Fifty percent of that amount results in approximately \$106,675 per year from initial registrations. This amount informs the estimate of the deposits into the SD fund, which may be approximately the amount that will be deposited in the SD fund for FY 2027. For subsequent fiscal years, the amount deposited in the SD fund will continue to increase or decrease based on the number of registrants that register or renew or change registrations on or after the effective date of the section. Twenty years after the effective date of the section, fifty percent of the fees paid by all registrants under section 409.4-410 (b) and (d) will be deposited into the SD fund.

The money necessary for the operations of the Securities Division referred to above are based on the annual expenditures of the Division incurred in administering and enforcing the statutorily required responsibilities of the Division in Ch. 409, RSMo. Initially, money will be used for new FTEs necessary to adequately administer and enforce the statutorily required responsibilities of the Division. As deposits to the SD fund increase in future fiscal years, those annual expenditures could include increases or decreases in an unknown number of FTEs and equipment and expenses necessary to adequately administer and enforce the statutorily required responsibilities of the Division as the industry expands or contracts.

In subsequent fiscal years, as the amounts deposited into the new SD fund increase or decrease because of the numbers of new registrants entering or exiting the industry and the renewals or changes of registration of those registrants, this section also authorizes the potential transfer of money from the SD fund into the existing Investor Education and Protection Fund created in section 409.6-601. Amounts transferred under this provision are unknown, since they will be based on amounts remaining in the SD fund at the end of a given calendar year.

Section 409.6-604

This section creates a “Restitution Recovery Fund” (RR fund) for deposits of money collected under an order for restitution issued under this section and from a portion of the revenues generated by Missouri Securities Act registration fees that may be transferred from the newly created SD fund into the new RR fund to provide restitution assistance to aggrieved investors. Any costs, revenue loss, revenue increase, or cost savings will depend on currently unknown factors that are part of the following:

- (1) The number of aggrieved investors who are eligible for restitution assistance under section 409.6-601(h);
- (2) The amount each eligible aggrieved investor is eligible to receive; and
- (3) Availability of moneys in the RR fund.

This section also creates a potential transfer of excess funds from the RR fund to the “Investor Education and Protection Fund” created in this section (409.6-601). Potential amounts to be transferred depend on currently unknown factors based on provisions of section 409.6-601(h).

Oversight notes §409.4-410 states the commissioner may, by rule, adjust the fees in this section to generate the moneys necessary to cover the expenses or costs associated with administering this act. A fee increase shall not be made more than one time in any four-year time period and in no case shall the total of all fee increases exceed the amount of twenty-five dollars in an eight-year time period. Therefore, Oversight will show a zero or unknown revenue gain or loss to the Securities Division Fund. Oversight notes that this revenue currently went to the General Revenue Fund, therefore, Oversight will reflect the corresponding unknown loss to General Revenue.

Oversight notes under §409.6-601(g) a new Securities Fund Division is created to fund the operations of the Securities Division of the Office of the Secretary of State. All moneys collected to reimburse the Division for the reasonable costs of audits or inspections under Sections 409.4-411, RSMo, all moneys generated by fee increases implemented by rule must be credited to this Fund, fifty percent of filing fees as specified in the bill, and other moneys appropriated by the General Assembly.

Oversight notes §409.6-601(g)(1)(C)(i) refers to fees collected under 409.4-410(b) and (d) on agents and representatives, but only on agents and representatives that initially register on or after the effective date of the bill. Information provided by the SOS on these fees collected in past three years as follows:

- (2023) – 3,564 initial agents, 610 initial representatives = 4,174: multiplied by \$50 = \$208,700
- (2024) – 3,204 initial agents, 708 initial representatives = 3,912: multiplied by \$50 = \$195,600
- (2025) – 3,282 initial agents, 671 initial representatives = 3,953: multiplied by \$50 = \$197,650

Collecting \$50 each on only those agents and representatives resulted in (for estimating purposes) an average of \$200,650 per year. Half of that, the actual “fifty percent” referred to in the bill, averages an estimated \$100,325 per year. Therefore, Oversight will reflect this amount as to the General Revenue Fund and revenue gain to the Securities Division Fund in the fiscal note.

In addition, the Fund is appropriated only for use by the Securities Division for operating costs and certain other authorized expenses, and any remaining balance cannot be transferred to General Revenue. Oversight assumes this section results in a savings to the General Revenue Fund in an amount equal to the amounts appropriated for the operations of the Securities Division by creating a removal of that amount out of General Revenue into a new Securities Division Fund. Therefore, Oversight will reflect the estimated impact provided by SOS in the previous version as \$0 Up to the cost of 23 FTE starting in FY 2028.

Oversight notes that any funds in excess of \$250,000 at the end of a given calendar year must be transferred to the Investor Education and Protection Fund. Therefore, Oversight has reflected a \$0 or unknown transfer out of the Securities Division Fund and corresponding transfer in to the Investor Education and Protection Fund in the fiscal note.

Oversight notes in §409.6-604 the "Restitution Recovery Fund" is established to provide restitution assistance to investors who have received a final order awarding restitution but have not been paid in full. Moneys appropriated by the General Assembly and those collected under Section 409.6-604, RSMo, will be paid into the Fund. Oversight will reflect a \$0 to Unknown revenue gain in the fiscal note.

If the balance of this fund exceeds \$1,000,000 at the end of the calendar year, any amount over will be transferred to the Investor Education and Protection fund. Therefore, Oversight has reflected a \$0 to unknown transfer out to the Investor Education and Protection Fund.

Oversight notes §409.6-604(e) states in a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act or a rule adopted or order issued under this act. These funds may be paid into the [investor education and protection] restitution recovery fund.

Upon further inquiry, SOS provided that in the past 3 years the following has been collected:

(2023) - \$5,786
(2024) - \$1,493
(2025) - \$780

Oversight notes this amount is immaterial and will not present this impact in the fiscal note.

Officials from the **Office of the State Treasurer, Office of the State Courts Administrator, Missouri House of Representatives and Missouri Senate** each 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 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Savings</u> – SOS (§409.6-601) No longer funding operation costs for 23 FTE in Securities Division Fund p.6	\$0	\$0 Up to \$2,565,795	\$0 Up to \$2,609,581
<u>Revenue Loss</u> – SOS (§409.6-601) 50% of fee collected now going to the Securities Division Fund p.5	(\$100,325)	(\$100,325)	(\$100,325)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$100,325)	(\$100,325) Up to \$2,465,470	(\$100,325) Up to \$2,509,256
Estimated Net FTE Change on General Revenue	0 Up to (23) FTE	0 Up to (23) FTE	0 Up to (23) FTE

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
SECURITIES DIVISION FUND			
<u>Revenue Gain</u> – SOS (§409.4-410 (h)) Fee adjustment implemented by rule p.4	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – SOS (§409.6-601) Audit & inspection reimbursements to Division p.6	Unknown	Unknown	Unknown
<u>Revenue Gain</u> – SOS (§409.6-601) 50% of fee collected p.6-7	More or Less than \$100,325	More or Less than \$100,325	More or Less than \$100,325
<u>Revenue Gain</u> – SOS (§409.6-601) Moneys appropriated by General Assembly	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – SOS (§409.6-601) p.4		\$0 Up to	\$0 Up to
Personnel Service	\$0	(\$1,501,520)	(\$1,531,550)
Fringe Benefits	\$0	(\$980,329)	(\$992,407)
Expense & Equipment	\$0	(\$83,946)	(\$85,624)
<u>Total Costs</u> – SOS	\$0	(\$2,565,795)	(\$2,609,581)
FTE Change – SOS	0 FTE	23 FTE	23 FTE
<u>Transfer Out</u> – SOS (406.6-601) Excess funds over \$250k to Investor Education & Protection Fund p.7	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON THE SECURITIES DIVISION FUND*	<u>\$0 Up to \$250,000</u>	<u>\$0 Up to \$250,000</u>	<u>\$0 Up to \$250,000</u>
Estimated Net FTE Change on General Revenue	0 FTE	0 to 23 FTE	0 to 23 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
RESTITUTION RECOVERY FUND			
<u>Revenue Gain</u> – SOS (§409.6-604) Moneys collected from order entered under this section p.7	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – SOS (§409.6-604) Moneys appropriated by General Assembly p.6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – SOS (§409.6-601(h)) Restitution awards & assistance to aggrieved investors p.6	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Transfer Out</u> – SOS (§409.6-601(h)) Excess funds over \$1M to Investor Education & Protection Fun p.5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON THE RESTITUTION RECOVERY FUND*	\$0 Up to \$1,000,000	\$0 Up to \$1,000,000	\$0 Up to \$1,000,000
INVESTOR EDUCATION & PROTECTION FUND (1829)			
<u>Transfer In</u> – SOS (§409.6-601(h)) Balance of Securities Division Fund that exceeds \$250k at end of calendar year p.5	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer In</u> – SOS (§409.6-601(h)) Balance of Restitution Fund exceeds \$1M at end of calendar year p.5	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
ESTIMATED NET EFFECT ON THE INVESTOR EDUCATION & PROTECTION FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

*Revenue gain and costs either net to zero or the revenue gain exceeds costs up to the maximum amount allowed to accrue in the fund (and excess funds are transferred out).

<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

Each individual filing for registration under section 409.4-410(b) or (d) who is part of a small business will see a positive impact and may see a negative impact under this legislation. The positive impact will arise when such individual’s fee is decreased as provided in the amended language. A possible negative impact may arise if an increase is implemented in future years as provided in section 409.4-410(h), with the amount of the impact depending on the amount of the increase per filing individual.

FISCAL DESCRIPTION

This bill establishes two new funds within the Missouri Securities Act of 2003, Chapter 409, RSMo. The bill allows the Commissioner of Securities to adjust fees to cover the expenses or costs associated with the Chapter, as specified in the bill. The General Assembly may adopt a concurrent resolution pursuant to Article IV, Section 8 of the Missouri Constitution to reject a rule adjusting the fees. No more than one increase can be made in any four-year time period, and the total increase in fees in any eight-year period exceed \$25. No fee increase will be made by rule after December 31, 2045. The bill specifies factors that must be considered by the Commissioner when determining whether a fee increase is necessary.

The bill requires the Commissioner to conduct a comprehensive financial review of the Securities Division's revenue and expenditures every four years, beginning in fiscal year 2030, as specified in the bill. The findings of the review must be published in a report and posted to the Division's website within 90 days of completion. If the Commissioner determines a budget surplus exists that is not reasonably necessary to meet the anticipated costs of operating the division, the Commissioner must, by order, decrease the fees in an amount that ensures that the fee revenue more closely aligns with the operational needs of the Division, but the fees must not be decreased below the amount established by the General Assembly in statute.

The "Securities Division Fund" is created to finance the operations of the Division. Under this bill, all moneys collected to reimburse the Division for the reasonable costs of audits or inspections under Sections 409.4-411(d), RSMo, all moneys generated by fee increases implemented by rule must be credited to this Fund, filing fees as specified in the bill, and other moneys appropriated by the General Assembly.

The Fund is appropriated only for use by the Securities Division for operating costs and certain other authorized expenses, and any remaining balance cannot be transferred to General Revenue. Instead, any funds in excess of \$250,000 at the end of a given calendar year must be transferred to the Investor Education and Protection Fund.

The "Restitution Recovery Fund" is established to provide restitution assistance to investors who have received a final order awarding restitution but have not been paid in full. Moneys appropriated by the General Assembly and those collected under Section 409.6-604, RSMo, will be paid into the Fund. The Fund will be a dedicated fund administered by the Commissioner of the Division for the sole purposes of awarding restitution ordered under Section 409.6-604, RSMo, and restitution assistance to aggrieved investors who were awarded restitution in a final order issued under the Missouri Securities Act but were not paid in full.

The bill provides that moneys in the Fund will not revert to the credit of the General Revenue Fund at the end of the biennium. The Commissioner must adopt rules for administration as specified in the bill.


After determining that the conditions for restitution have been met, the Commissioner must notify the State Treasurer, who will approve the disbursement of such determined amount from the Fund to each aggrieved investor identified in the notice.

The bill allows restitution assistance of up to the lesser of \$25,000 or 25% of unpaid restitution in a final order and requires funds in excess of one million dollars to be transferred to the "Investor Education and Protection Fund" that is currently established in Sections 409.6-601 at the end of the calendar year. If payment of restitution assistance to aggrieved investors would result in a restitution recovery fund balance below \$50,000, the Commissioner may suspend restitution assistance until such time as the Commissioner determines a sufficient balance has been restored to the Fund.

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 the Secretary of State
Office of the State Courts Administrator
Missouri Senate
Missouri House of Representatives
Joint Committee on Administrative Rules
Office of the State Treasurer



Julie Morff
Director
April 14, 2026



Jessica Harris
Assistant Director
April 14, 2026