COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

# FISCAL NOTE

L.R. No.: 6532H.01I
Bill No.: HB 2990
Subject: Securities; Treasurer, State; Attorney General; Business and Commerce
Type: Original
Date: March 4, 2026

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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 | Fully Implemented (FY 2031) |
|---|---|---|---|---|
| General Revenue | ($1,250,000) | More or Less than ($1,250,000) | More or Less than ($1,250,000) | More or Less than ($1,250,000) |
| | | | | |
| **Total Estimated Net Effect on General Revenue*** | **($1,250,000)** | **More or Less than ($1,250,000)** | **More or Less than ($1,250,000)** | **More or Less than ($1,250,000)** |

## ESTIMATED NET EFFECT ON OTHER STATE FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 | Fully Implemented (FY 2031) |
|---|---|---|---|---|
| Security Division Fund | Unknown to (Unknown) | Unknown to (Unknown) | Unknown to (Unknown) | Unknown to (Unknown) |
| Restitution Recovery Fund | Unknown to (Unknown) | Unknown to (Unknown) | Unknown to (Unknown) | Unknown to (Unknown) |
| Investor Education and Protection Fund (1829)* | $0 or Unknown | $0 or Unknown | $0 or Unknown | $0 or Unknown |
| **Total Estimated Net Effect on <u>Other</u> State Funds** | **Unknown to (Unknown)** | **Unknown to (Unknown)** | **Unknown to (Unknown)** | **Unknown to (Unknown)** |

*Oversight assumes the Unknown could exceed $250,000.
Numbers within parentheses: () indicate costs or losses.

## ESTIMATED NET EFFECT ON FEDERAL FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 | Fully Implemented (FY 2031) |
|---|---|---|---|---|
| | | | | |
| | | | | |
| **Total Estimated Net Effect on <u>All</u> Federal Funds** | **$0** | **$0** | **$0** | **$0** |

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 | Fully Implemented (FY 2031) |
|---|---|---|---|---|
| General Revenue | (23) FTE | (23) FTE | (23) FTE | (23) FTE |
| Securities Division Fun | 23 FTE | 23 FTE | 23 FTE | 23 FTE |
| **Total Estimated Net Effect on FTE*** | **0 FTE** | **0 FTE** | **0 FTE** | **0 FTE** |

*Oversight notes the transfer of 23 FTE from General Revenue to the Securities Division Fund nets to zero.

☒ 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 | Fully Implemented (FY 2031) |
|---|---|---|---|---|
| | | | | |
| | | | | |
| **Local Government** | **$0** | **$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 decreases individual filing fees for registration from $50 to $45 under section 409.4-410(b) and (d); that results in a revenue loss of approximately $1,250,000 for FY 2027 (approx. 250,000 currently registered individuals multiplied by the $5 decrease). For subsequent fiscal years, 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 a loss 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" (SD). For FY2027 and subsequent fiscal years, this section directs amounts necessary for the operations of the Securities Division based on the annual expenditures of the Division incurred in administering and enforcing the statutorily required responsibilities of the Division in Ch. 409, RSMo, to be deposited in the new SD fund and expenditures by the Division to come out of that fund. This could include an unknown number of FTEs and increases in equipment and expenses in future fiscal years necessary to adequately administer and enforce the statutorily required responsibilities of the Division.

In summary SOS assumes the following FTE costs:

FY 2027 $2,102,429
FY 2028 $2,565,795
FY 2029 $2,609,581
FY 2031 Could Exceed $2,609,581

After the transfer of that revenue out of GR, the revenue in the new SD fund could:
(1) Increase with 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) Increase or decrease based on any increase or decrease in the numbers of individuals filing for registration.

This section also creates a "Restitution Recovery Fund" (RR) to hold 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 decreases individual filing fees for registration from $50 to $45. According to SOS, this results in a revenue loss of approximately $1,250,000 for FY 2027 (approx. 250,000 currently registered individuals multiplied by the $5 decrease). Therefore, Oversight will reflect a loss to general revenue of $1,250,000 in FY 2027 and more or less than in subsequent years.

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 assumes SOS would not be eligible to increase or decrease its fees until FY2031. Therefore, Oversight will show a zero or unknown revenue gain or loss in FY2031.

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, and all moneys generated by fee increases implemented by rule must be credited to this Fund. Therefore, Oversight has reflected an unknown potential revenue for reimbursements and fee increases to the Securities Division Fund.

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 loss/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 by SOS in the fiscal note.

**Oversight** notes a new Restitution Recovery Fund is established to hold a portion of the revenues generated by Missouri Securities Act registration fees that may be transferred from the newly created Securities Division Fund into the new Restitution Recovery Fund to provide restitution assistance to aggrieved investors. Therefore, Oversight has reflected a transfer in of $0 or unknown potential revenue into the fund.

If the balance of this fund exceeds $250,000 at the end of the calendar year, any amount over $250,000 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.

Officials from the **Office of the State Treasurer** and **Missouri Senate** both 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.

In response to similar legislation, officials from the **Missouri House of Representatives** assumed 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.

| FISCAL IMPACT – State Government | FY 2027 (10 Mo.) | FY 2028 | FY 2029 | Fully Implemented (FY 2031) |
|---|---|---|---|---|
| **GENERAL REVENUE** | | | | |
| | | | | |
| Revenue Loss – SOS (409.4-410 (b)) Reduction of registration fee from $50 to $45 p.4 | ($1,250,000) | More or Less than ($1,250,000) | More or Less than ($1,250,000) | More or Less than ($1,250,000) |
| | | | | |
| Savings – SOS (§409.6-601) No longer funding operation costs for 23 FTE in Securities Division Fund | $2,102,429 | $2,565,795 | $2,609,581 | Could Exceed $2,609,581 |
| | | | | |
| Transfer Out – SOS (§409.6-601) To cover operation costs in the Securities Division Fund | ($2,102,429) | ($2,565,795) | ($2,609,581) | Could Exceed ($2,609,581) |
| | | | | |
| **ESTIMATED NET EFFECT ON GENERAL REVENUE** | **($1,250,000)** | **More or Less than ($1,250,000)** | **More or Less than ($1,250,000)** | **More or Less than ($1,250,000)** |
| | | | | |
| Estimated Net FTE Change on General Revenue | (23) FTE | (23) FTE | (23) FTE | (23) FTE |
| | | | | |
| | | | | |
| **SECURITIES DIVISION FUND** | | | | |
| | | | | |
| Revenue Gain – SOS (§409.4-410(h)) Fee increase implemented by rule p.4 | $0 | $0 | $0 | $0 or Unknown |
| | | | | |
| Revenue Gain – SOS (§409.6-601(g)) Audit & inspection reimbursements to Division p.5 | Unknown | Unknown | Unknown | Unknown |
| | | | | |
| Transfer In – SOS (§409.6-601(g)) To cover operation costs in the Securities Division Fund p.4 | $2,102,429 | $2,565,795 | $2,609,581 | Could Exceed $2,609,581 |
| | | | | |

| FISCAL IMPACT – State Government | FY 2027 (10 Mo.) | FY 2028 | FY 2029 | Fully Implemented (FY 2031) |
|---|---|---|---|---|
| Cost – SOS (§409.6-601) p.4 | | | | Could Exceed |
| Personnel Service | ($1,226,732) | ($1,501,520) | ($1,531,550) | ($1,531,550) |
| Fringe Benefits | ($807,073) | ($980,329) | ($992,407) | ($992,407) |
| Expense & Equipment | ($68,624) | ($83,946) | ($85,624) | ($85,624) |
| Total Costs – SOS | ($2,102,429) | ($2,565,795) | ($2,609,581) | ($2,609,581) |
| FTE Change – SOS | 23 FTE | 23 FTE | 23 FTE | 23 FTE |
| | | | | |
| Revenue Loss - SOS (§409.4-410(i)) Fee decrease implemented by rule p.4 | $0 | $0 | $0 | $0 or (Unknown) |
| | | | | |
| Transfer Out – SOS (406.6-601(h)) Potential funds to Restitution Recovery Fund p.4 | $0 or (Unknown) | $0 or (Unknown) | $0 or (Unknown) | $0 or (Unknown) |
| | | | | |
| **ESTIMATED NET EFFECT ON THE SECURITIES DIVISION FUND** | **Unknown to (Unknown)** | **Unknown to (Unknown)** | **Unknown to (Unknown)** | **Unknown to (Unknown)** |
| | | | | |
| Estimated Net FTE Change on General Revenue | 23 FTE | 23 FTE | 23 FTE | 23 FTE |
| | | | | |
| | | | | |
| **RESTITUTION RECOVERY FUND** | | | | |
| | | | | |
| Revenue – SOS (§409.6-601(h)) Portion of registration fees generated by Securities Division Fund p.5 | $0 to Unknown | $0 to Unknown | $0 to Unknown | $0 to Unknown |
| | | | | |
| Cost – SOS (§409.6-601(h)) Restitution assistance to aggrieved investors p.5 | $0 to (Unknown) | $0 to (Unknown) | $0 to (Unknown) | $0 to (Unknown) |
| | | | | |
| Transfer Out – SOS (§409.6-601(h)) Balance of Restitution Fund exceeds $250,000 at end of calendar year p.5 | $0 to (Unknown) | $0 to (Unknown) | $0 to (Unknown) | $0 to (Unknown) |

| FISCAL IMPACT – State Government | FY 2027 (10 Mo.) | FY 2028 | FY 2029 | Fully Implemented (FY 2031) |
|---|---|---|---|---|
| | | | | |
| **ESTIMATED NET EFFECT ON THE RESTITUTION RECOVERY FUND** | **Unknown to (Unknown)** | **Unknown to (Unknown)** | **Unknown to (Unknown)** | **Unknown to (Unknown)** |
| **INVESTOR EDUCATION & PROTECTION FUND (1829)** | | | | |
| | | | | |
| Transfer In – SOS (§409.6-601(h)) Balance of Restitution Fund exceeds $250,000 at end of calendar year p.5 | $0 or Unknown | $0 or Unknown | $0 or Unknown | $0 or Unknown |
| | | | | |
| **ESTIMATED NET EFFECT ON THE INVESTOR EDUCATION & PROTECTION FUND** | **$0 or Unknown** | **$0 or Unknown** | **$0 or Unknown** | **$0 or Unknown** |

| FISCAL IMPACT – Local Government | FY 2027 (10 Mo.) | FY 2028 | FY 2029 | Fully Implemented (FY 2031) |
|---|---|---|---|---|
| | | | | |
| | **$0** | **$0** | **$0** | **$0** |
| | | | | |

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 modifies current fees and allows the Commissioner of Securities to adjust fees to cover the expenses or costs associated with the newly created funds, as specified in the bill.

The "Securities Division Fund" is created to finance the operations of the Securities Division. Under this bill, all moneys collected to reimburse the Division for the reasonable costs of audits or inspections under Sections 409.4-411, RSMo, and all moneys generated by fee increases implemented by rule must be credited to this Fund. 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.

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. The Commissioner may adopt rules for administration and may award restitution assistance of up to the lesser of $25,000 or 25% of unpaid restitution in a final order. The bill sets minimum and maximum balance guidelines for the fund and allows funds in excess of $250,000 to be transferred to the "Investor Education and Protection Fund" that is currently established in Sections 409.6-601.

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

<u>SOURCES OF INFORMATION</u>

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

Julie Morff
Director
March 4, 2026

Jessica Harris
Assistant Director
March 4, 2026