

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 7224H.02I
 Bill No.: HB 3414
 Subject: Merchandising Practices; Banks and Financial Institutions; Crimes and Punishment;
 Attorney General; Business and Commerce
 Type: Original
 Date: March 31, 2026

Bill Summary: This proposal establishes violations and penalties for fraud and related activities in connection with access devices and for a scheme or artifice to defraud individuals and financial institutions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2036)
General Revenue*	(\$733,574 to Unknown)	(\$1,883,776 to Unknown)	(\$2,766,617 to Unknown)	(\$4,127,763 to Unknown)
Total Estimated Net Effect on General Revenue	(\$733,574 to Unknown)	(\$1,883,776 to Unknown)	(\$2,766,617 to Unknown)	(\$4,127,763 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.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2036)
Merchandising Practices Revolving*	\$0 or Unknown	\$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	\$0 or Unknown

*It is assumed that unknown fine revenue collected by the AGO could exceed \$250,000 annually.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2036)
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 2036)
General Revenue	1 FTE	3 FTE	5 FTE	9 FTE
Total Estimated Net Effect on FTE	1 FTE	3 FTE	5 FTE	9 FTE

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 2036)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

§§407.1505 and 407.1510 – Fraud and Related Activity in Connection with Access Devices

Officials from the **Department of Corrections (DOC)** state this proposal establishes violations and penalties for fraud and related activities in connection with access devices and for a scheme or artifice to defraud individuals and financial institutions.

Section 407.1505 is created, which lays out the definitions and penalties for the various kinds of fraud involving various forms of access device (codes, serial numbers, etc.) to accounts related to anything of value (money, goods, services, etc.). For the first offense, the severity of the potential sentence depends on the precise type of fraud committed. However, all repeat offenders will receive an enhanced penalty for their second conviction. Offenders who do not directly commit fraud but are involved in a conspiracy to do so will receive a prison sentence half of the maximum for a given offense.

Subsection 2 of this section contains 10 different subdivisions that describe the various kinds of this fraud.

First-time offenders who violate subdivisions 1, 2, 3, 6, 7, or 10 may be given sentences involving incarceration of up to 10 years, which are typically treated as class C felonies. First time offenders who are part of a conspiracy to commit these offenses will be given sentences of up to 5 years, which are seen as class D nonviolent felonies. Repeat offenders may be given prison sentences of up to 20 years which are treated as class B felonies.

First-time offenders who violate subdivisions 4, 5 8, or 9 may be given sentences involving incarceration of up to 15 years, which are treated as class B felonies. First time offenders who are part of a conspiracy to commit these offenses will be given sentences of up to 7 years, which are seen as class D nonviolent felonies. Repeat offenders may be given prison sentences of up to 20 years which are still treated as class B felonies.

Subsection 4 states that the attorney general has the authority to investigate these violations under §§407.005 to 407.145. Specifically, they may treat these behaviors as unlawful merchandising practices (§407.020) or prosecute those who violate orders from the attorney general prohibiting these practices (§407.095).

Subdivision 1 of subsection 2

This subdivision specifies an offender who knowingly and with intent to defraud produces, uses, or traffics in one or more counterfeit access devices. First time offenders who directly commit this crime will be guilty of a class C felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class C felony.

For each new class C felony, the DOC estimates four people could be sentenced to prison and six to probation. The average sentence for a class C felony offense is 6.9 years, with 2.1 years served prior to first release. Probation sentences will be 3 years.

The cumulative impact on the DOC is estimated to be 15 additional offenders in prison and 19 additional offenders on field supervision by FY 2030.

Offenders convicted of a conspiracy to commit these offenses will be guilty of a class D nonviolent felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC 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 served in prison prior to first release. 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.

Repeat offenders will be guilty of a class B 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 B felony. Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the department assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and serve, on average, 3.4 years in prison prior to first release. The department assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the DOC is estimated to be 5 additional offenders in prison and no additional offenders on field supervision by FY 2031.

Subdivision 2 of subsection 2

This subdivision specifies an offender who knowingly and with intent to defraud traffics in or uses one or more unauthorized access devices and by such conduct obtains anything of value aggregating one thousand dollars or more during every one-year period. First time offenders who directly commit this crime will be guilty of a class C felony. As these are new crimes, there is

little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class C felony.

For each new class C felony, the DOC estimates four people could be sentenced to prison and six to probation. The average sentence for a class C felony offense is 6.9 years, with 2.1 years served prior to first release. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 15 additional offenders in prison and 19 additional offenders on field supervision by FY 2030.

Offenders convicted of a conspiracy to commit these offenses will be guilty of a class D nonviolent 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 D felony. For each new nonviolent class D felony, the DOC 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 served in prison prior to first release. 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.

Repeat offenders will be guilty of a class B felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class B felony. Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the DOC assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and serve, on average, 3.4 years in prison prior to first release. The DOC assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the DOC is estimated to be 5 additional offenders in prison and no additional offenders on field supervision by FY 2031.

Subdivision 3 of subsection 2

This subdivision specifies an offender who knowingly and with intent to defraud possesses fifteen or more counterfeit access devices or unauthorized access devices. First time offenders who directly commit this crime will be guilty of a class C felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class C felony.

For each new class C felony, the DOC estimates four people could be sentenced to prison and six to probation. The average sentence for a class C felony offense is 6.9 years, with 2.1 years served prior to first release. Probation sentences will be 3 years.

The cumulative impact on the DOC is estimated to be 15 additional offenders in prison and 19 additional offenders on field supervision by FY 2030.

Offenders convicted of a conspiracy to commit this crime will be guilty of a class D nonviolent felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class D felony. For each new nonviolent class D felony, the DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Repeat offenders will be guilty of a class B felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class B felony. Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the DOC assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and serve, on average, 3.4 years in prison prior to first release. The DOC assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the DOC is estimated to be 5 additional offenders in prison and no additional offenders on field supervision by FY 2031.

Subdivision 4 of subsection 2

This subdivision specifies an offender who knowingly and with intent to defraud or assist others in defrauding produces, traffics in, has control or custody of, or possesses device-making equipment. First-time offenders will be guilty of class B felony. Repeat offenders can receive longer sentences but will still fall within the range associated with class B. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class B felony. Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the DOC assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and serve, on average, 3.4 years in prison prior to first release. The DOC assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the DOC is estimated to be 5 additional offenders in prison and no additional offenders on field supervision by FY 2031.

Offenders guilty of conspiracy to commit this offense will be guilty of a class D nonviolent felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class D felony. For each new nonviolent class D felony, the DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Subdivision 5 of subsection 2

This subdivision specifies an offender who knowingly and with intent to defraud effects transactions with one or more access devices issued to another person or persons to receive payment or any other thing of value during any one-year period, the aggregate value of which is equal to or greater than one thousand dollars. First-time offenders will be guilty of class B felony. Repeat offenders can receive longer sentences but will still fall within the range associated with class B. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class B felony. Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the DOC assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and serve, on average, 3.4 years in prison prior to first release. The DOC assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the DOC is estimated to be 5 additional offenders in prison and no additional offenders on field supervision by FY 2031.

Offenders guilty of conspiracy to commit this offense will be guilty of a class D nonviolent felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class D felony. For each new nonviolent class D felony, the DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Subdivision 6 of subsection 2

This subdivision specifies offenders who, without the authorization of the issuer of the access device, knowingly and with intent to defraud solicits a person for the purpose of:

- (a) Offering an access device; or
- (b) Selling information regarding, or an application to obtain, an access device

First time offenders who directly commit this crime will be guilty of a class C felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class C felony.

For each new class C felony, the DOC estimates four people could be sentenced to prison and six to probation. The average sentence for a class C felony offense is 6.9 years, with 2.1 years served prior to first release. Probation sentences will be 3 years.

The cumulative impact on the DOC is estimated to be 15 additional offenders in prison and 19 additional offenders on field supervision by FY 2030.

Offenders convicted of a conspiracy to commit this crime will be guilty of a class D nonviolent felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class D felony. For each new nonviolent class D felony, the DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Repeat offenders will be guilty of a class B felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class B felony. Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the DOC assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and serve, on average, 3.4 years in prison prior to first release. The DOC assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the DOC is estimated to be 5 additional offenders in prison and no additional offenders on field supervision by FY 2031.

Subdivision 7 of subsection 2

This subdivision specifies an offender who knowingly and with intent to defraud uses, produces, traffics in, has control or custody of, or possesses a telecommunications instrument that has been modified or altered to obtain unauthorized use of telecommunications services. First time offenders who directly commit this crime will be guilty of a class C felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class C felony.

For each new class C felony, the DOC estimates four people could be sentenced to prison and six to probation. The average sentence for a class C felony offense is 6.9 years, with 2.1 years served prior to first release. Probation sentences will be 3 years.

The cumulative impact on the DOC is estimated to be 15 additional offenders in prison and 19 additional offenders on field supervision by FY 2030.

Offenders convicted of a conspiracy to commit this crime will be guilty of a class D nonviolent 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 D felony. For each new nonviolent class D felony, the DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Repeat offenders will be guilty of a class B felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class B felony. Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the DOC assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and serve, on average, 3.4 years in prison prior to first release. The DOC assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the DOC is estimated to be 5 additional offenders in prison and no additional offenders on field supervision by FY 2031.

Subdivision 8 of subsection 2

This subdivision specifies offenders who knowingly and with intent to defraud uses, produces, traffics in, has control or custody of, or possesses a scanning receiver. First-time offenders will be guilty of class B felony. Repeat offenders can receive longer sentences but will still fall within the range associated with class B. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class B felony. Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the DOC assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and serve, on average, 3.4 years in prison prior to first release. The DOC assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the DOC is estimated to be 5 additional offenders in prison and no additional offenders on field supervision by FY 2031.

Offenders guilty of conspiracy to commit this offense will be guilty of a class D nonviolent felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class D felony. For each new nonviolent class D felony, the DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Subdivision 9 of subsection 2

This subdivision specifies an offender who knowingly uses, produces, traffics in, has control or custody of, or possesses hardware or software knowing it has been configured to insert or modify telecommunication identifying information associated with or contained in a telecommunications instrument so that such instrument may be used to obtain telecommunications service without authorization. First-time offenders will be guilty of class B felony. Repeat offenders can receive longer sentences but will still fall within the range associated with class B. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class B felony. Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the DOC assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and serve, on average, 3.4 years in prison prior to first release. The DOC assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the DOC is estimated to be 5 additional offenders in prison and no additional offenders on field supervision by FY 2031.

Offenders guilty of conspiracy to commit this offense will be guilty of a class D nonviolent felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class D felony. For each new nonviolent class D felony, the DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Subdivision 10 of subsection 2

This subdivision specifies an offender who, without the authorization of the credit card system member or its agent, knowingly and with intent to defraud, causes or arranges for another person to present to the member or its agent for payment one or more records of transactions made by an access device. First time offenders who directly commit this crime will be guilty of a class C felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class C felony.

For each new class C felony, the DOC estimates four people could be sentenced to prison and six to probation. The average sentence for a class C felony offense is 6.9 years, with 2.1 years served prior to first release. Probation sentences will be 3 years.

The cumulative impact on the DOC is estimated to be 15 additional offenders in prison and 19 additional offenders on field supervision by FY 2030.

Offenders convicted of a conspiracy to commit this crime will be guilty of a class D nonviolent felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class D felony. For each new nonviolent class D felony, the DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Repeat offenders will be guilty of a class B felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class B felony. Given the seriousness of class B felony offenses and that the introduction of a completely new class B felony offense is a rare event, the DOC assumes the admission of one person per year to prison following the passage of the legislative proposal. Offenders committed to prison with a class B felony as their most serious sentence, have an average sentence length of 9.0 years and serve, on average, 3.4 years in prison prior to first release. The DOC assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The cumulative impact on the DOC is estimated to be 5 additional offenders in prison and no additional offenders on field supervision by FY 2031.

Section 5 stipulates the Missouri attorney general is authorized to investigate all violations under this section and shall have all the powers and authority under §§407.005 to 407.145 concerning unlawful merchandising practices.

Section 407.020 stipulates any person who willfully and knowingly engages in any act, use, employment or practice declared to be unlawful by this section with the intent to defraud shall be guilty of a class E felony. As these are new crimes, there is little direct data on which to base an estimate, and as such, the DOC estimates an impact comparable to the creation of a new class E felony.

For each new nonviolent class E felony, the DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Section 407.095 stipulates any person who has been duly served with an order issued under subsection 1 of this section and who willfully and knowingly violates any provision of such order while such order remains in effect, either as originally issued or as modified, is guilty of 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 DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Section 405.1510 is created, which establishes a class D nonviolent felony for offenders who use wire, radio, or television communications to commit fraud by interfering with commerce. It provides an enhanced penalty to engage in this activity for the purpose of defrauding a financial institution. Offenders who do this with the intent to defraud a financial institution would be eligible to receive a prison sentence of up to 30 years which is within the range given for class A felonies.

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

For each new nonviolent class D felony, the DOC 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 served in prison prior to first release. Probation sentences will be 3 years.

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

Given the seriousness of class A felony offenses and that the introduction of a completely new class A felony offense is a rare event, the DOC assumes the admission of one person per year to prison following the passage of the legislative proposal.

Offenders committed to prison with a class A felony have an average sentence length of 17.1 years and serve, on average, 12.3 years in prison prior to first release. The DOC assumes one third of the remaining sentence length will be served in prison as a parole return, and the rest of the sentence will be served on supervision in the community.

The sentence lengths associated with these offenses pushes the estimate of total cumulative impact on the DOC beyond the 10-year time frame of this fiscal note. However, the estimated impact by FY 2036 is 10 additional offenders in prison.

Total Combined Cumulative Impact

The combined cumulative impact of this bill would be 242 additional offenders in prison and 482 additional offenders on field supervision by FY 2036.

	# 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	70	(\$11,123)	(\$648,842)	1	(\$84,732)	95	(\$733,574)
Year 2	140	(\$11,123)	(\$1,588,364)	3	(\$295,412)	190	(\$1,883,776)
Year 3	197	(\$11,123)	(\$2,279,757)	5	(\$486,860)	298	(\$2,766,617)
Year 4	226	(\$11,123)	(\$2,667,663)	6	(\$578,651)	337	(\$3,246,314)
Year 5	237	(\$11,123)	(\$2,853,455)	7	(\$680,952)	394	(\$3,534,407)
Year 6	238	(\$11,123)	(\$2,922,804)	8	(\$785,360)	428	(\$3,708,164)
Year 7	239	(\$11,123)	(\$2,993,787)	9	(\$891,911)	462	(\$3,885,698)
Year 8	240	(\$11,123)	(\$3,066,439)	9	(\$891,797)	472	(\$3,958,236)
Year 9	241	(\$11,123)	(\$3,140,801)	9	(\$901,280)	482	(\$4,042,081)
Year 10	242	(\$11,123)	(\$3,216,910)	9	(\$910,853)	482	(\$4,127,763)

The DOC 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 DOC's current capacity (27,368) which is habitable, but the 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 DOC 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 DOC'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 has no information to the contrary. Therefore, Oversight will present the fiscal impact of this proposal as provided by the DOC.

Officials from the **Office of the State Public Defender (SPD)** state per the National Public Defense Workload Study, the new charges contemplated by §§407.1510 and 407.1505 would take approximately thirty-five hours of SPD work for reasonably effective representation in each case filed. If one hundred cases were filed under these sections 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.

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.

Oversight notes the provisions of §407.1505.4 provide for a fine and/or imprisonment as determined by the type of violation committed while §407.1505.5 authorizes the AGO to investigate all violations as well as enforce the provisions of the section. Section 407.1510 provides that any person devising a "scheme or artifice to defraud" and deceives others for financial gain using interstate communications or foreign commerce to carry out that plan will be subject to a penalty of a fine not to exceed \$250,000 and/or imprisonment. If the violation affects a financial institution, the fine shall not be more than one million dollars.

Oversight assumes fines could exceed \$250,000 annually. Oversight will range the fines from \$0 or Unknown for fiscal note purposes since it is unknown whether any fines will actually be collected. In addition, it is assumed that any fine revenue collected will be deposited in the Merchandising Practices Revolving Fund (1631).

Officials from the **Department of Commerce and Insurance, Department of Public Safety - Missouri Highway Patrol, Missouri National Guard, Office of the State Courts Administrator, Phelps County Sheriff, Branson Police Department, Kansas City Police Department** and **St. Louis County Police Department** 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.

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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2036)
GENERAL REVENUE				
<u>Cost – DOC</u> (§§407.1505 and 407.1510) p. 3-14				
Personal service	(\$42,932)	(\$156,099)	(\$262,770)	(\$507,096)
Fringe benefits	(\$30,881)	(\$112,281)	(\$189,008)	(\$364,752)
Equip. & Exp.	(\$10,919)	(\$27,032)	(\$35,082)	(\$39,005)
Total Costs - DOC	(\$84,732)	(\$295,412)	(\$486,860)	(\$910,853)
FTE Change - DOC	1 FTE	3 FTE	5 FTE	9 FTE
<u>Cost – DOC</u> (§§407.1505 and 407.1510) Increase in incarceration, probation & parole costs p. 3-14	(\$648,842 to <u>Unknown</u>)	(\$1,588,364 to <u>Unknown</u>)	(\$2,279,757 to <u>Unknown</u>)	(\$3,216,910 to <u>Unknown</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$733,574 to <u>Unknown</u>)	(\$1,883,776 to <u>Unknown</u>)	(\$2,766,617 to <u>Unknown</u>)	(\$4,127,763 to <u>Unknown</u>)
Estimated Net FTE Change on General Revenue	1 FTE	3 FTE	5 FTE	9 FTE
MERCHANDISING PRACTICES REVOLVING FUND (1631)				
<u>Revenue Gain –</u> AGO (§§407.1505 and 407.1510) Fine revenue p.15	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2036)
ESTIMATED NET EFFECT ON MERCHANDISING PRACTICES REVOLVING FUND	\$0 or <u>Unknown</u>	\$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	Fully Implemented (FY 2036)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes new laws in Missouri to combat fraud related to "access devices", as defined in the bill, which include credit cards, account numbers, and other means to obtain money, goods, or services, or to transfer funds.

The bill outlines specific violations, including, but not limited to, knowingly using or creating counterfeit or unauthorized access devices, possessing a large number of access devices, or using the devices to obtain over \$1,000 in a year.

This bill includes fraud involving telecommunications services, including using modified phones or "scanning receivers", as defined in the bill, to intercept communications or obtain services without authorization.

Penalties for violating these provisions vary based on whether it's a first or subsequent violation, with specified fines, imprisonment terms up to 20 years, and forfeiture of property used in the crime.

The bill creates a separate offense for devising a "scheme or artifice to defraud", which means a plan to deceive others for financial gain using interstate communications or foreign commerce to

carry out that plan. This offense has a penalty of a fine not to exceed \$250,000 or up to five years imprisonment, or both.

If the violation affects a financial institution the offense has a penalty of a fine not to exceed one million dollars or up to 30 years imprisonment, or both.

The Attorney General is empowered to investigate and enforce these new provisions.

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 Commerce and Insurance
Department of Corrections
Department of Public Safety - Missouri Highway Patrol
Missouri National Guard
Office of the State Courts Administrator
Office of the State Public Defender
Phelps County Sheriff
Branson Police Department
Kansas City Police Department
St. Louis County Police Department



Julie Morff
Director
March 31, 2026



Jessica Harris
Assistant Director
March 31, 2026