

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0079S.09T
 Bill No.: Truly Agreed To and Finally Passed SCS for HCS No. 2 for HB 69
 Subject: Attorney General; Business and Commerce; Charities; Consumer Protection;
 Crimes and Punishment; Licenses - Miscellaneous; Merchandising Practices; St.
 Louis City
 Type: Original
 Date: June 1, 2021

Bill Summary: This proposal modifies provisions relating to certain metals.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$6,463)	(\$15,822)	(\$16,139)
Total Estimated Net Effect on General Revenue	(\$6,463)	(\$15,822)	(\$16,139)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS**ASSUMPTION****§407.297 – Copper peddler**

Officials from the **City of St. Louis** state the passage of this legislation would increase revenue for the City as it requires copper property peddlers in the City to pay for licenses. The legislation also allows the City to set its own license fee. The total increase in revenue cannot be determined because the Budget Division does not know the number of individuals who would apply for a license or the potential cost of the license.

Oversight notes the provisions of this section allow the City of St. Louis to set the license fee for the business of operating as a copper property peddler. Each license, which expires June 30th of each year, shall bear a separate number and the name, address, and telephone number of the licensee. Oversight notes subsection 3 of this section states any licensee who permits his or her license to be used by another person and any other person who uses a license granted to another person, shall each be deemed guilty of a violation of this section. Oversight assumes an increase in revenues from license fees but has no data to support this potential increase. Therefore, Oversight will present a \$0 to Unknown increase in revenues for the City of St. Louis.

§§407.300 and 570.030 – Certain metals

Officials from the **Department of Corrections (DOC)** state §570.030 creates a new class E felony. For each new nonviolent class E felony, it is estimated that 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, of which 2.1 years will be served in prison with 1.4 years to first release. The remaining 1.3 years will be on parole. Probation sentences will be 3 years. The cumulative impact on the DOC is estimated to be 2 additional offenders in prison and 7 on field supervision by FY 2024.

Change in prison admissions and probation openings with legislation-Class E Felony (nonviolent)

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	1	1	1	1	1	1	1	1	1	1
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	2	2	2	2	2	2	2	2	2	2
Change (After Legislation - Current Law)										
Admissions	1	1	1	1	1	1	1	1	1	1
Probations	2	2	2	2	2	2	2	2	2	2
Cumulative Populations										
Prison	1	2	2	2	2	2	2	2	2	2
Parole			1	1	1	1	1	1	1	1
Probation	2	4	6	6	6	6	6	6	6	6
Impact										
Prison Population	1	2	2	2	2	2	2	2	2	2
Field Population	2	4	7	7	7	7	7	7	7	7
Population Change	3	6	9	9	9	9	9	9	9	9

	# to prison	Cost per year	Total Costs for prison	# to probation & parole	Cost per year	Total cost for probation and parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	1	(\$7,756)	(\$6,463)	2	absorbed	\$0	(\$6,463)
Year 2	2	(\$7,756)	(\$15,822)	4	absorbed	\$0	(\$15,822)
Year 3	2	(\$7,756)	(\$16,139)	7	absorbed	\$0	(\$16,139)
Year 4	2	(\$7,756)	(\$16,461)	7	absorbed	\$0	(\$16,461)
Year 5	2	(\$7,756)	(\$16,791)	7	absorbed	\$0	(\$16,791)
Year 6	2	(\$7,756)	(\$17,127)	7	absorbed	\$0	(\$17,127)
Year 7	2	(\$7,756)	(\$17,469)	7	absorbed	\$0	(\$17,469)
Year 8	2	(\$7,756)	(\$17,818)	7	absorbed	\$0	(\$17,818)
Year 9	2	(\$7,756)	(\$18,175)	7	absorbed	\$0	(\$18,175)
Year 10	2	(\$7,756)	(\$18,538)	7	absorbed	\$0	(\$18,538)

If this impact statement has changed from statements submitted in previous years, it is because the Department of Corrections has changed the way probation and parole daily costs are calculated to more accurately reflect the way the Division of Probation and Parole is staffed across the entire state.

In December 2019, the DOC reevaluated the calculation used for computing the Probation and Parole average daily cost of supervision and revised the cost calculation to be the DOC average district caseload across the state which is 51 offender cases per officer. The new calculation assumes that an increase/decrease of 51 cases would result in a change in costs/cost avoidance equal to the cost of one FTE staff person. Increases/decreases smaller than 51 offenders 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. For instances where the proposed legislation affects a less specific caseload, DOC projects the impact based on prior year(s) actual data for DOC's 48 probation and parole districts.

The DOC cost of incarceration is \$21.251 per day or an annual cost of \$7,756 per offender. The DOC cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

Oversight does not have any information contrary to that provided by DOC. Therefore, Oversight will reflect DOC's estimated impact for fiscal note purposes.

Oversight notes that violations of section 407.300 could result in fines or penalties. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by

counties are distributed to school districts. Fine varies widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a positive fiscal impact of \$0 to Unknown to local school districts.

Bill as a Whole

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 Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 their office can sustain with their core budget. Therefore, they reserve 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.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state the proposal will have an unknown impact but assume it will be minimal and can be absorbed; therefore, for purposes of this fiscal note, the MHP anticipates no fiscal impact on their organization.

Officials from the **Attorney General's Office**, the **Department of Revenue**, the **Missouri Department of Transportation**, the **Missouri Office of Prosecution Services**, the **Office of the State Courts Administrator**, the **Office of the State Public Defender**, the **Kansas City Police Department**, and the **St. Joseph 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 police and sheriff's departments were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Costs – DOC</u> (\$507.030) Increased incarceration costs	(\$6,463)	(\$15,822)	(\$16,139)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$6,463)	(\$15,822)	(\$16,139)

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue – St. Louis City (\$407.297)</u> Potential increase in license fees	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Income – School districts (\$407.300)</u> Fines from violations	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT – Small Business

Small businesses that purchase certain metals could be impacted by this proposal.

FISCAL DESCRIPTION

COPPER PROPERTY (Section 407.297)

This bill requires anyone engaging in the business of a copper property peddler, as defined in the bill, in the city of St. Louis without first obtaining a license from the city and complying with the provisions of the bill.

The requirements for the application for a license are specified in the bill and will expire June 30th each year. A license shall not be granted to any person who has been convicted of burglary, robbery, stealing, theft, or possession or receiving stolen goods in the two years prior to the date of application.

The city has the power and authority to revoke a copper property peddler's license for any willful violation of the bill.

This provision shall only be effective when the city is actively issuing licenses to copper property peddlers.

RECORDS FOR THE SALE OF METAL (Section 407.300)

The bill changes the requirements of maintaining sales records of certain metals from two years to three years. A transaction that includes a detached catalytic converter shall occur at the fixed place of business of the purchaser. A detached catalytic converter shall be maintained for five business days before it is altered, modified, disassembled, or destroyed. The records required to be kept under this section are currently required to be maintained for a minimum of 24 months. This bill changes the requirement to a minimum of 36 months.

Anyone licensed for selling motor vehicle parts as set forth in statute who knowingly purchases a stolen detached catalytic converter shall be subject to penalties as specified in the bill.

Currently, every purchaser or collector of, or dealer in, junk, scrap metal, or any second hand property is required to maintain written or electronic records for each purchase or trade in which certain types of material are obtained for value, with exceptions. This bill repeals the exception to the records requirement for any transaction for which the total amount paid for all regulated material purchased or sold does not exceed \$50, unless the material is a catalytic converter.

The records requirement of the bill does not apply to transactions for which the seller has an existing business relationship with the purchaser and for which the seller is paid by check or by electronic funds transfer, or the seller produces an acceptable identification, which shall be a copy of the driver's license or photo identification issued by the state or by the U.S. government or agency thereof, and a copy is retained by the purchaser.

The bill also specifies that transactions for metal that is a minor part of heating and cooling equipment shall not be subject to the records requirement of the bill.

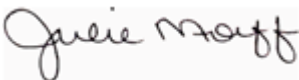
OFFENSE OF STEALING (Section 570.030)

The offense of stealing shall be a Class E felony if the property is a catalytic converter.

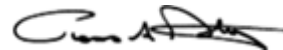
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Department of Corrections
Department of Public Safety – Missouri Highway Patrol
Department of Revenue
Missouri Department of Transportation
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Office of the Secretary of State
Office of the State Public Defender
Kansas City Police Department
St. Joseph Police Department
City of St. Louis



Julie Morff
Director
June 1, 2021



Ross Strope
Assistant Director
June 1, 2021