

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1636H.011
 Bill No.: HB 975
 Subject: Merchandising Practices; Contracts and Contractors; Business and Commerce;
 Agriculture
 Type: Original
 Date: March 4, 2021

Bill Summary: This proposal changes the laws regarding consumer products so that certain individuals and businesses have a right to repair information from certain manufacturers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	Less than (\$176,857)	Less than (\$193,548)	Less than (\$195,536)
Total Estimated Net Effect on General Revenue	Less than (\$176,857)	Less than (\$193,548)	Less than (\$195,536)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other State Funds</u>	\$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
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 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 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office (AGO)** state Section 407.653 would require that manufacturers make the same diagnostic and repair information available to authorized repair providers available to normal purchasers of products in Missouri. Section 407.653.11 tasks the AGO with enforcing these provisions. The AGO estimates the need for two (2) FTE Assistant Attorneys General (each at \$55,620) for an annual cost of approximately \$195,536.

Oversight notes that the AGO assumes the proposal would have a direct fiscal impact on their organization. Oversight does not have any information to the contrary, so will reflect AGO's estimated cost on the fiscal note.

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact their organization.

Oversight notes §407.652.13 states that violations of this new section shall be punishable by a \$10,000 fine, which shall be deposited into the state's General Revenue Fund. Oversight will reflect an unknown amount of fine revenue from this subsection. Oversight assumes the amount of fine revenue will not be more than the cost of the 2 FTE as estimated by the AGO; therefore, Oversight will reflect a total impact to the General Revenue Fund of "Less than" the AGO's estimated costs.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
<u>Fine revenue – 407.652.13 states violations of this section shall be punishable by a \$10,000 fine and be deposited into GR</u>	Unknown	Unknown	Unknown
<u>Costs – AGO</u>			
Personal Service	(\$92,700)	(\$112,352)	(\$113,476)
Fringe Benefits	(\$51,186)	(\$61,799)	(\$62,178)
Expense & Equip.	(\$32,971)	(\$19,397)	(\$19,882)
Total Costs – AGO	(\$176,857)	(\$193,548)	(\$195,536)
FTE Change – AGO	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	Less than (\$176,857)	Less than (\$193,548)	Less than (\$195,536)
Estimated Net FTE Change to General Revenue	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Certain small businesses that own or repair these products could be impacted by this proposal.

FISCAL DESCRIPTION

This bill provides that owners of products purchased or used in Missouri and independent repair providers shall have the right to access the same diagnostic and repair information that manufacturers supply to authorized repair providers. Product owners shall also have the right to purchase service parts documentation, and tools from manufacturers in the same manner and time as those parts are given to authorized repair providers. A "product" is any farm machinery or construction machinery.

Product owners and independent repair facilities shall have the right to purchase all diagnostic repair tools from manufacturers on fair and reasonable terms. For equipment with electronic security lock or other security-related function, the manufacturer must make available to owners and independent repair providers, on fair and reasonable terms, any special documentation, tools, and parts needed to disable the lock or function and to reset it when disabled in the course of diagnosis, maintenance, or repair of the equipment.

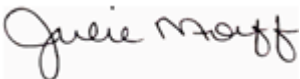
Products sold for security-related purposes may not be programed to exclude diagnostic, service, or repair methods to reset a security related electronic function. Manufacturers are not legally responsible for the content and functionality of such diagnostic repair tools so long as the manufacturers comply with the rest of the bill, it doesn't require the divulgence of a trade secret.

The bill also provides a complaint provision for consumers and independent repair providers for violations of the bill and is punishable by a \$10,000 fine per violation. The Attorney General is required to enforce its 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

Attorney General's Office
Office of the State Courts Administrator



Julie Morff
Director
March 4, 2021



Ross Strope
Assistant Director
March 4, 2021