

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4884-01
Bill No.: HB 1858
Subject: Counties; Mortgages and Deeds; Courts; Crimes and Punishment
Type: Original
Date: January 19, 2016

Bill Summary: This proposal establishes provisions relating to filings with the recorder of deeds and establishes the crime of false filings.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$158,358)	(\$94,768)	(\$95,514)
Total Estimated Net Effect on General Revenue	(\$158,358)	(\$94,768)	(\$95,514)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State (SOS)** state more than 155,000 UCC filings are filed per year, so additional staff would be needed to conduct the additional review this proposal requires. SOS anticipates two new FTEs would need to be created with salaries at \$29,000 per year. Missouri law requires SOS to file UCC filings within three business days of receipt. SOS would have to prioritize this additional review to comply with these guidelines. RSMo § 400.9-519(h).

SOS anticipates a cost of \$80,000 to change the current software operated by the Business Services Division. The estimate for one-time IT costs (\$80,000) is based on previous experiences contracting with vendors to make changes to existing software. The estimate that two additional full-time employees would be needed is based upon the estimate of how many UCC filings would be reviewed per year (150,000).

For the purpose of this proposed legislation, officials at the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide competent, effective representation for any new cases arising where indigent persons are charged with the proposed new crime of intentionally filing a fraudulent financing statement or any financing statement with the Secretary of State with the intent to harass or defraud any other person. This offense would be a new Class D Felony.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation in all cases where the right to counsel attaches.

Oversight assumes the State Public Defender's Office can absorb the additional caseload that may result from this proposal.

Officials from the **Office of Prosecution Services** assume that the creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Officials from the **Attorney General's Office (AGO)** assume that any potential costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in cases.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, Department of Public Safety - Missouri Highway Patrol, Department of Corrections, Office of State Courts Administrator, Boone County Sheriff's Department and Springfield Police Department** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Cost - SOS</u>			
Personal Services	(\$48,333)	(\$58,580)	(\$59,166)
Fringe Benefits	(\$30,025)	(\$36,188)	(\$36,348)
Equipment and Expense	<u>(\$80,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Cost - SOS</u>	<u>(\$158,358)</u>	<u>(\$94,768)</u>	<u>(\$95,514)</u>
FTE Change - SOS	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$158,358)</u>	<u>(\$94,768)</u>	<u>(\$95,514)</u>
Estimated Net FTE change to General Revenue Fund	2 FTE	2 FTE	2 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2017 (10 Mo.)	 FY 2018	 FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

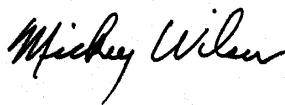
This proposal specifies that if a person files a document with the recorder of deeds and fails to comply with the standard filing form, the filing will be treated as a provisional filing. If no objection is lodged, the filing is no longer a provisional filing and is treated as any other valid filing. If an objection is made in court, notice of the objection, along with a court date, must be sent to all owners of record, the individual that made the filing, and all parties to the filing.

The proposal creates the offense of filing a false document if he or she files, causes to be filed, or attempts to file, creates, uses as genuine, transfers or has transferred, presents, or prepares with knowledge or belief that it will be filed, presented, or transferred to the secretary of state or his or her designee, any county recorder of deeds or his or her designee, any municipal, county, district, or state government entity or office, or any credit bureau or financial institution specified documents. For the first offense, filing a false document is a class D felony until December 31, 2016, and a class E felony beginning January 1, 2017. Filing false documents is a class C felony in certain specified instances.

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 Insurance, Financial Institutions and Professional Registration
Department of Public Safety
 Missouri State Highway Patrol
Department of Corrections
Office of State Courts Administrator
Boone County Sheriff's Department
Office of Prosecution Services
Springfield Police Department
State Public Defender's Office
Office of Secretary of State
Attorney General's Office



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