

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1827H.011  
Bill No.: HB 751  
Subject: Merchandising Practices; Business and Commerce  
Type: Original  
Date: February 28, 2023

---

Bill Summary: This proposal modifies provisions relating to keeping records for the sale of certain materials.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Local Government</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§407.300 and 570.030 – Sale of certain materials

Officials from the **Department of Corrections (DOC)** state this proposal modifies provisions relating to keeping records for the sale of certain materials. Section 570.030 is modified to include the additional clause that an individual receiving, retaining, or disposing of property that they “reasonably should suspect that it has been stolen” constitutes as a felony offense. These actions are considered a class A, class B, class C, class D, or class E felony depending on the item or cost of the stolen materials; therefore, the intent of the bill is to create a new class A, class B, class C, class D, and class E felony offense.

The department has no way of knowing how many new commitments could result from the inclusion of the language “reasonably should suspect that it has been stolen”. Therefore, the department estimates a \$0 to (Unknown) fiscal cost.

**Oversight** notes section 570.030 states that a person commits the offense of stealing if he or she: receives, retains or disposes of property of another [knowing] and knows that it has been stolen, [or believing] believes that it has been stolen, or reasonably should suspect that it has been stolen. Therefore, Oversight assumes the provisions of this proposal would not significantly increase the number of guilty dispositions. Any increase in the number is assumed to be minimal and absorbable within current funding levels.

Officials from the **Office of the State Public Defender (SPD)** state the proposed legislation creates a new offense under section 407.300 which could result in additional cases eligible for SPD representation. The number of additional cases is unknown and as a result the fiscal impact is unknown. However, if the offenses, which are classified as misdemeanors, were class D misdemeanors, jail time would not be a possible sentence and the offense therefore would not be eligible for SPD representation.

**Oversight** notes in FY22 the SPD was appropriated moneys for 53 additional FTE. 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.

Officials from the **St. Louis County Police Department** state in 407.300.3(3) of the bill, a purchaser, collector, or dealer of scrap metal or any secondhand property would be required to submit to law enforcement certain records for entry. Officers and detectives within the agency would be responsible for the collection and entry of this information; however, the number of

hours that would be required to accomplish this is difficult to estimate since it is unknown how many records the Department will receive on a monthly basis.

Additionally, the legislation specifies that the Department of Public Safety will be responsible for creating a form in order to record the records required under the proposed legislation. If the Department of Public Safety were to also utilize a database to maintain all the records, it is possible that they may choose to charge agencies for access to the records incurring more costs to the Department.

Since it is not possible to estimate how many forms would be received/ processed and if an additional expense would be incurred by the Department of Public Safety for the use of their records system, the proposed legislation could have an unknown cost to the Department.

**Oversight** notes the provisions of this proposal require, at least monthly, a purchaser or collector of, or dealer in, junk, scrap metal, or any secondhand property to submit to the law enforcement agency with jurisdiction over their primary place of business, the records required on the Department of Public Safety's form, with copies of any supporting documentation attached. The submission may be in either a paper or electronic format. Therefore, Oversight assumes the St. Louis County Police Department would be able to implement the provisions of this proposal with existing staff and resources and will indicate no fiscal impact for fiscal note purposes.

Oversight also notes that violations of section 407.300.5 currently 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. However, this proposal removes the fines that are currently imposed under statute. Therefore, Oversight will reflect a potential negative fiscal impact of \$0 to Unknown to local school districts.

Officials from the **Attorney General's Office**, the **Department of Natural Resources**, the **Department of Revenue**, the **Department of Public Safety – (Office of the Director and Missouri Highway Patrol)**, the **Missouri Department of Agriculture**, the **Missouri Department of Transportation**, the **Missouri Office of Prosecution Services**, the **Office of the Secretary of State**, the **Office of the State Courts Administrator**, the **City of Kansas City**, the **City of O'Fallon**, the **City of Springfield**, the **Kansas City Police Department**, the **St. Joseph Police Department**, and the **Phelps County Sheriff's Department** 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 received from state agencies and political subdivisions; however, other cities, counties, and local law enforcement were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Loss – Schools districts (§407.300.5)</u> Removal of specific fines from violations p. 4	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses that purchase catalytic converters would need to require vehicle identification numbers on catalytic converters that are purchased.

FISCAL DESCRIPTION

This bill requires scrap metal dealers and others regulated under Section 407.300, RSMo, to require proof that the seller of a detached catalytic converter is a bona fide automobile repair shop or sign an affidavit that the converter was lawfully acquired.

The Department of Public Safety shall create and make available on their website a standardized form for recording the make, model, year, and vehicle identification number of the vehicle from which the converter originated. The purchaser or collector must maintain these records, in order of transaction date, for four years and submit them to their local law enforcement agency at least monthly in either a paper or electronic format as specified in the bill.

Currently, anyone who knowingly purchases a stolen catalytic converter in violation Section 407.300 shall be subject to penalties as provided in the section. This bill removes the requirement that the purchaser knows the catalytic converter is stolen and provides anyone convicted of violating this section is guilty of a class B misdemeanor, in addition to being subject to having any business license under Section 301.218 revoked.

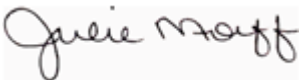
This bill clarifies that minor parts of heating and cooling equipment and equipment used in the generation and transmission of electrical power or telecommunications, including any catalytic converter of such equipment, remains subject to the provisions of Section 407.300.

The bill adds that a person commits the offense of stealing under Section 570.030 if they retain or dispose of the property of another while they reasonably should have suspected that such property has been stolen.

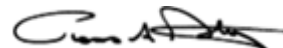
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Attorney General's Office  
Department of Natural Resources  
Department of Corrections  
Department of Revenue  
Department of Public Safety  
Missouri Department of Agriculture  
Missouri Department of Transportation  
Missouri Office of Prosecution Services  
Office of the State Courts Administrator  
Office of the State Public Defender  
City of Kansas City  
City of O'Fallon  
City of Springfield  
Kansas City Police Department  
St. Joseph Police Department  
St. Louis County Police Department  
Phelps County Sheriff's Department



Julie Morff  
Director  
February 28, 2023



Ross Strobe  
Assistant Director  
February 28, 2023