

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5832-01  
Bill No.: HB 1872  
Subject: Business and Commerce; Consumer Protection; Fees  
Type: Original  
Date: March 4, 2014

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Bill Summary: This proposal prohibits a seller or lessor in a sales or lease transaction or any credit card issuer from imposing a surcharge on a consumer using a credit card for the transaction.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
All State Funds	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal Funds	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>	<b>(Unknown) to Unknown</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration**, the **Missouri Consolidated Health Care Plan**, the **Office of the Governor**, the **Department of Public Safety**, the **State Tax Commission**, the **Missouri Lottery Commission**, the **Office of the State Auditor**, the **Missouri Veterans Commission**, the **MoDOT and Patrol Employees Retirement System**, the **Department of Labor and Industrial Relations**, the **Missouri Lieutenant Governor**, the **Office of the State Public Defender**, the **Missouri Ethics Commission**, the **Joint Committee on Public Retirement**, the **Missouri State Employees Retirement System**, the **Administrative Hearing Commission**, the **Department of Corrections**, the **Joint Committee on Administrative Rules**, the **Office of the State Treasurer**, the **Missouri House of Representatives**, the **Department of Mental Health**, the **Department of Social Services**, and the **Department of Health and Senior Services** each assume the current proposal will not fiscally impact their respective agencies.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Agriculture** state that the impact on sales revenues is unknown if credit cards are not accepted. In FY13, approximately \$50,000 in revenues were processed by the agency using credit cards.

Officials from the **Office of Administration - Division of Purchasing and Materials Management** assume that the inability to utilize a credit card, which is the preferred payment method by surplus property customers, would decrease the amount of revenue generated to the state from the sale of surplus property. The amount of federal lost revenue is unknown due to the variance in the type of items available for surplus each year. The past three fiscal years' average surplus sales revenues have been \$1.4 million.

Officials from the **Office of Administration - Division of Accounting** assume that it is unknown the impact on sales revenues if credit cards are not accepted. In FY13, approximately \$3 million in sales from just over 30,000 transactions were processed.

ASSUMPTION(continued)

Officials from the **Missouri Department of Conservation (MDC)** assume there is a legal settlement that allows merchants to charge surcharges on credit card purchases which became effective 1/27/13. MDC utilizes purchasing cards extensively. If merchants choose to charge surcharge fees, there will be a cost associated with using the purchasing card. Currently we have a 1.44% rebate for the use of the card. This rebate could effectively be eliminated and there could be increased costs associated with the purchases. The legislation would prohibit credit card surcharges, which could prevent a negative fiscal impact exceeding \$100,000.

**Oversight** assumes that if the State of Missouri will not be able to charge consumers paying the state with card cards, that this will result in an unknown negative fiscal impact. In addition, if the State of Missouri wouldn't be able to be charged as a consumer, that this will result in an unknown positive fiscal impact. For fiscal note purposes, Oversight will show a negative unknown to positive unknown fiscal impact on all funds.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND</b>			
<u>Loss - State Agencies</u>			
Sales revenues; Uncollected surcharges	(Unknown)	(Unknown)	(Unknown)
<u>Savings - State Agencies</u>			
Ban on credit card surcharge pass ons	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown) to Unknown</u></b>	<b><u>(Unknown) to Unknown</u></b>	<b><u>(Unknown) to Unknown</u></b>
<b>FEDERAL FUNDS</b>			
<u>Loss - State Agencies</u>			
Sales revenues; Uncollected surcharges	(Unknown)	(Unknown)	(Unknown)
<u>Savings - State Agencies</u>			
Ban on credit card surcharge pass ons	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown) to Unknown</u></b>	<b><u>(Unknown) to Unknown</u></b>	<b><u>(Unknown) to Unknown</u></b>
<b>ALL OTHER STATE FUNDS</b>			
<u>Savings - State Agencies</u>			
Sales revenues; Uncollected surcharges	(Unknown)	(Unknown)	(Unknown)
<u>Savings - State Agencies</u>			
Ban on credit card surcharge pass ons	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>(Unknown) to Unknown</u></b>	<b><u>(Unknown) to Unknown</u></b>	<b><u>(Unknown) to Unknown</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal will not allow small businesses to pass on any merchant surcharges for credit card transactions.

FISCAL DESCRIPTION

This proposal prohibits a seller or lessor in a sales or lease transaction or any credit card issuer from imposing a surcharge that is passed on to a consumer using a credit card for the transaction.

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

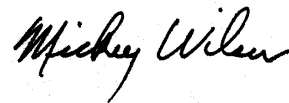
SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration  
Missouri Consolidated Health Care Plan  
Office of the Governor  
Department of Public Safety  
State Tax Commission  
Missouri Lottery Commission  
Office of the State Auditor  
Missouri Veterans Commission  
MoDOT and Patrol Employees Retirement System  
Department of Labor and Industrial Relations  
Missouri Lieutenant Governor  
Office of the State Public Defender  
Missouri Ethics Commission  
Joint Committee on Public Retirement  
Missouri State Employees Retirement System  
Administrative Hearing Commission  
Department of Corrections  
Joint Committee on Administrative Rules  
Office of the State Treasurer  
Missouri House of Representatives  
Department of Mental Health  
Department of Social Services  
Attorney General's Office  
Department of Health and Senior Services  
Missouri Department of Conservation

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SOURCES OF INFORMATION (continued)

Office of Administration  
Department of Agriculture



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Director  
March 4, 2014

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Assistant Director  
March 4, 2014