

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1576-01
Bill No.: HB 479
Subject: Banks and Financial Institutions: Business and Commerce; Corporations
Type: Original
Date: April 3, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the following agencies indicated there would be no fiscal impact to their respective agencies resulting from this proposal: **Department of Economic Development - Division of Finance and Division of Credit Unions, Office of Secretary of State - Securities Division, Office of State Public Defender, Department of Insurance, Office of State Courts Administrator, Public School Retirement System of Missouri, Non-Teacher School Employee Retirement System of Missouri, State Highway Employees & Patrol Retirement System, and the Missouri State Employees Retirement System.**

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

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<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.

DESCRIPTION

This proposal creates the Missouri Corporate Governance Act, relating to the regulation of securities in the state. In its main provisions, the proposal:

- (1) Requires corporations with at least 25 Missouri investors to have two independent directors on their board of directors before their securities can be sold in Missouri;
- (2) Prohibits corporations with at least 25 Missouri investors from making loans to their officers or directors;
- (3) Prohibits the destruction of any evidence or documents relating to any securities investigation;
- (4) Provides that violations of the act are class A misdemeanors, with fines up to \$1 million; and
- (5) Authorizes the Commissioner of Securities to enforce the act.

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

Office of Secretary of State
Securities Division
Office of State Public Defender
Department of Insurance
Office of State Courts Administrator
Public School Retirement System of Missouri
Non-Teacher School Employee Retirement System of Missouri
Department of Economic Development
Division of Finance
Division of Credit Unions
State Highway Employees & Patrol Retirement System
Office of Attorney General

NOT RESPONDING

**Department of Corrections
Office of Prosecution Services**



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