

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 3824-01
Bill No.: HB 1225
Subject: Cities, Towns and Villages: Subdivisions, Regulations
Type: Original
Date: February 25, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>Other</u> 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 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Kansas City Manager's Office** assume the potential exists for costs to the City from this proposal. Officials stated there could be some legal or other costs associated with releasing a prior developer's bond or escrow if there are claims pending when the property is transferred or if the prior developer has defaulted and the new developer will not agree to cover the obligations of the prior developer. Officials could not estimate such costs.

Officials of the **City of Springfield, Office of the City Manager**, stated there could be costs associated with this proposal. Officials stated the cities would no longer be able to have escrows for regulations, but must be limited to improvements, at the option of the developer. The City must also accept substitute security from someone who buys the development from the person who originally obtained approval to escrow improvements and accept whatever form of security the new developer wishes to provide regardless of that developer's credit worthiness. Officials assume costs in 2004 for a trial. Officials stated that a simple trial would cost the city about \$40,000 each for counsel. Officials stated the City's last lawsuit against a surety for work at their landfill exceeded this amount substantially. Officials estimate costs in FY 2005 at \$100,000, and \$120,000 in FY 2006.

ASSUMPTION (continued)

Oversight will show costs to Cities, Towns, and Villages for legal cost, trial costs, and assumes on a statewide basis costs would be indeterminable and is unknown. Costs will be shown as \$0 to (Unknown).

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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	\$0	\$0	\$0
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<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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CITIES, TOWNS, AND VILLAGES

Costs to Certain Cities, Towns and Villages
 for legal costs. trial costs bond collection

<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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**ESTIMATED NET EFFECT TO
 LOCAL GOVERNMENT**

<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This bill requires a municipal council to accept from a developer either an escrow secured with cash, an escrow secured with an irrevocable letter of credit, or a surety bond in lieu of the completion of work on the installation of utility facilities in a subdivision. Under current law, the council may accept a surety bond for this work. The bill allows for the release of the escrow or bond by the city when the title of the subdivision property is transferred to a new developer. The new developer is responsible for the replacement escrow or bond.

DESCRIPTION continued

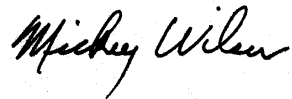
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Kansas City Manager's Office
Springfield City Manager

NOT RESPONDING

Cities, Towns and Villages that are on Oversight's response lists.



Mickey Wilson, CPA
Director
February 25, 2004