

HCS SS SCS SB 1183 -- SECURITY BONDS

SPONSOR: Dolan (Johnson, 47)

COMMITTEE ACTION: Voted "do pass" by the Committee on Local Government by a vote of 15 to 0.

This substitute allows county planning commissions to accept other forms of security besides surety bonds in lieu of the full completion of required infrastructure improvements in subdivisions prior to the plat being recorded.

Political subdivisions are required to accept a letter of credit from a developer as security for the completion of infrastructure improvements in subdivisions. Current law allows political subdivisions to choose what kind of security, such as surety bonds, the developer must provide. Political subdivisions are required to accept a replacement escrow from another developer who buys the subdivision property prior to completion, at which time the political subdivision must release the original developer from all obligations. The substitute also requires the political subdivision to inspect the project within 20 days of a request. If the city or town has not released the escrow funds or bond amount within 30 days or timely inspected the improvements, the city must pay interest. The substitute exempts Kansas City from this provision.

FISCAL NOTE: No impact on state funds in FY 2005, FY 2006, and FY 2007.

PROPOSERS: Supporters say that the bill clarifies the financial requirements cities can impose upon residential developers.

Testifying for the bill were Senator Dolan; and St. Louis Home Builders Association.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say they would prefer a 30-business day deadline for the inspection.

Others testifying on the bill was Missouri Municipal League.

Julie Jinkens McNitt, Legislative Analyst