

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1811-02
Bill No.: HB 1189
Subject: Contracts and Contractors; Housing; Consumer Protection; Political Subdivisions
Type: Original
Date: April 11, 2019

Bill Summary: This proposal prohibits political subdivisions from requiring a home inspection before the sale of residential property.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Economic Development**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Office of the Attorney General** and the **Office of the State Courts Administrator** each assume no fiscal impact to their respective agencies from this proposal.

Oversight notes that the Department of Economic Development, the Department of Insurance, Financial Institutions and Professional Registration, the Office of the Attorney General and the Office of the State Courts Administrator each has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials at **St. Louis County**, **Ray County** and the **City of Kansas City** each assume no fiscal impact to their respective entities from this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

Oversight notes that according to Ordinance 69202 in St. Louis City, the City Housing Conservation District Inspection is a basic code inspection designed to check for minimal interior building code violations, and meet minimum exterior standards under the International Property Maintenance Code. The Housing Conservation District includes 98% of the property in St. Louis. The inspections are not intended to imply a guarantee or warranty as to the overall condition of the building and/or systems. Units must be inspected before they are rented or sold. The initial application cost is \$90 with discounts for multiple applications for inspections at the same address.

Oversight assumes that cities and/or counties with similar inspection ordinances could have a reduction in revenue on fees from inspections should this proposal be enacted. Oversight is unclear on the amount of revenues that could be lost from this proposal and will reflect a \$0 to unknown loss in revenues for this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss - Local Political Subdivisions - in revenues from inspections fees</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

FISCAL IMPACT - Small Business

There could be a savings to small businesses who rent property that would no longer need to pay inspection fees as a result of this proposal.

FISCAL DESCRIPTION

This bill prevents a political subdivision from requiring a property owner from having a home inspection conducted of a residential property regarding the sale of the property. The bill does not apply to any inspection requirement of new construction or occupancy permits.

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 Economic Development
Department of Insurance, Financial Institutions and Professional Registration
Office of the Attorney General
Office of the State Courts Administrator
St. Louis County
Ray County
City of Kansas City



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