

HCS HB 1274 -- PROPERTY REGULATIONS

SPONSOR: O'Donnell

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Local Government by a vote of 13 to 0.

The following is a summary of the House Committee Substitute for HB 1274.

This bill modifies provisions relating to property regulations for certain cities and counties. In its main provisions, the bill:

(1) Exempts certificates of release of prohibited covenants from formal requirements for recording, and prohibits the charging of a recording fee (Section 59.310 and 59.313, RSMo);

(2) Adds the marital status of all grantors to a deed to the information required on every document presented for recording to recorders of deeds (Sections 59.310 and 442.130);

(3) Authorizes certain cities, upon voter approval, to impose a transient guest tax not to exceed 6% per occupied room per night, for general purposes (Section 67.1011).

If enacted, this provision initially would only apply to the City of Butler.

(4) Authorizes certain cities, upon voter approval, to impose a transient guest tax in an amount of no more than 6% per occupied room per night, for general revenue purposes (Section 67.1013).

If enacted, this provision initially would only apply to the City of Harrisonville.

(5) Authorizes certain cities, upon voter approval, to impose a transient guest tax of 2% up to 5% per occupied room per night, to be used solely for funding the promotion of tourism (Section 67.1360).

If enacted, the new provisions would initially only apply to the cities of Cameron and Marceline.

(6) Provides that for any improved parcel of land identified as being vacant by St. Louis City operating under the Municipal Land Reutilization Law, the city collector shall, within no more than two years after delinquency, file suit in the circuit court against such lands or lots to enforce the lien of the state and the city as provided under the Municipal Land Reutilization Act. The failure

of the collector to bring suit within two years shall not constitute a defense or bar an action for the collection of taxes (Section 92.720);

(7) For each petition filed, the city collector shall make available to the public a list detailing each parcel included in the suit (Section 92.740);

(8) Adds that for any improved nonhomestead parcel, any person having any right, title or interest in, or lien upon, any parcel of real estate may redeem such parcel of real estate at any time prior to the time of the foreclosure sale of such real estate by paying all of the sums due as of the date of redemption to the city collector, including all debts owed to the city (Section 92.750);

(9) Provides that the city collector shall mail a notice to the people named in the petition as having an interest in the parcel or lot, or people otherwise known to the collector, at the address most likely to inform the parties of the proceedings (Section 92.760);

(10) Provides that the city collector shall file with the court an affidavit of compliance with all notice requirements for the suit prior to any sheriff's sale. The affidavit shall include the identities of all parties to whom notice was attempted and by what means notice was given. For notices returned undeliverable, the collector's affidavit must certify what additional attempt was made and by what means (Section 92.765);

(11) Provides that the receipt of surplus funds shall constitute a bar to any claim of right, title or interest in, or lien upon the parcel of real estate by the fund recipient. Currently, if the parcel of real estate is auctioned off at a sheriff's foreclosure sale for a sum greater than the total amount necessary to pay all the tax bills included in the judgment, all proceedings in the suit shall be ordered dismissed as to taxes owed (Section 92.775);

(12) Provides that no later than 120 days prior to the sheriff's sale, the collector shall obtain a title abstract or report on any unredeemed parcels, which shall include all conveyances, liens, and charges against the real estate, and the names and mailing addresses of any interested parties and lienholders. Additionally, no later than 20 days prior to the sheriff's sale, the collector shall send notice of the sale to the interested parties which shall include the date, time, and place of the sale as well as other information as provided in the bill.

The bill also modifies the requirement that the collector shall send notice of the sale to the parties having interest in the

parcel no later than 40 days prior to the sheriff's sale, rather than 20 days. The notice shall be sent to the addresses most likely to inform the parties of the proceedings.

Finally, no later than 20 days prior to the sheriff's sale, the sheriff shall post a written notice on the parcel in a conspicuous location and attached to a structure. The notice shall describe the property and advise that it is the subject of delinquent land tax collection proceedings and that it may be sold for the payment of delinquent taxes. This notice shall also contain other information as provided in the bill. The sheriff shall also attempt inperson notice no later than 20 days prior to the sale to any person found at the property (Section 92.810);

(13) Provides that the city collector shall not enter into a redemption contract with respect to any improved parcel not occupied as a homestead. On an annual basis, the city collector shall make publicly available the number of parcels under redemption contract (Section 92.815);

(14) The court shall stay the sale of any parcel to be sold under foreclosure in an action for temporary possession of real property for rehabilitation, provided that the party which has brought such an action has, upon order of the court, paid to the circuit court the principal amount of all land taxes then due under the foreclosure judgment prior to the date of sale. Upon the granting by a court of temporary possession of the property, the court shall direct payment to the collector of all principal land taxes paid to the circuit court. Additionally, the court shall order the permanent extinguishment of penalties and interest arising from actions to collect delinquent land taxes.

If the owner of the parcel moves for restoration of possession, the owner shall pay into the circuit court all land tax amounts currently due, including all penalties. If the court orders the property be restored to the owner, all funds paid on the principal land taxes shall be returned to the payer and all funds paid to the circuit court by the owner shall be paid out to the collector (Section 92.817);

(15) Provides that no person shall be eligible to bid at the time of the sheriff's sale unless the person has, no later than 10 days before the sale date, demonstrated to the collector or sheriff that they are not the owner of any parcel of real estate in the city which is subject to delinquent taxes or fees. The collector or sheriff may require prospective bidders to submit an affidavit attesting to the bid requirements of this bill (Section 92.825);

(16) Provides that within six months after the sheriff sells the

parcel of real estate, the court shall set a hearing to confirm or set aside the foreclosure sale. The court's judgment shall include a specific finding that adequate notice was provided to all necessary parties.

If there are any surplus funds from the sale then 10% of the funds shall be distributed to the Affordable Housing Trust Fund of the city or its equivalent. The city may also, by ordinance, elect to allocate a portion of its share of the sale proceeds towards a fund for the purpose of defending against claims challenging the sufficiency of notice.

Additionally, this bill provides that the purchasers of the property shall agree that in the event of their failure to obtain an occupancy permit prior to any subsequent transfer of the property, they shall pay \$5,000 in damages without proof of loss or damages, except these damages shall not constitute a lien on the property. If any purchaser applies for an occupancy permit and inspectors do not inspect the parcel in 120 days, the cost of the application shall be dedicated to the sheriff for the purpose of providing notice to interested parties.

If the sale is not confirmed within six months after the sale, any set-aside of the sale shall include a penalty of 25% of the bid amount over the opening bid amount and shall be paid to the Affordable Housing Trust Fund of the city or its equivalent (Section 92.840); and

(17) Modifies provisions relating to the recording of a sheriff's deed. All such deeds shall be recorded with the recorder of deeds within two months after the court confirms the sale, if no proceeding to set aside the confirmation judgment is before the court. The sheriff's deed shall be prima facie evidence that the suit and all proceedings met the requirements of law.

The bill also repeals the provision that after two years from the date of the recording of the deed, there shall be a presumption that the suit and all proceedings met the requirements of law and no suit may be filed to attack the validity of the claim (Sections 92.852 and 92.855).

(18) Authorizes certain cities, upon voter approval, to impose a transient guest tax of up to 5% per occupied room per night, to be used for the promotion of tourism (Section 94.834).

If enacted, this provision initially would only apply to the City of Smithville.

(19) Changes the purpose for which a certain transient guest tax

and a certain food sales tax is authorized from capital improvements to general revenue purposes, and increases the authorized rate of the food sales tax from 2% to 6% (Section 94.838).

Currently, these taxes are only authorized for the City of Lamar Heights.

(20) Authorizes certain home rule cities, upon voter approval, to impose a transient guest tax not to exceed 2.5% of the charges per occupied room per night, to be used solely for capital investments that can be demonstrated to increase the number of overnight visitors (Section 94.842).

If enacted, this provision initially would only apply to the City of Springfield.

(21) Authorizes certain cities, upon voter approval, to impose a transient guest tax of up to 5% per occupied room per night, to be used for the promotion of tourism, growth of the region, economic development purposes, and public safety purposes (Section 94.1014).

If enacted, this provision initially would only apply to the City of Ashland.

(2) Prohibits any deed recorded after August 28, 2021, from containing a reference to a specific portion of a restrictive covenant that relates to the race, color, religion, or national origin of any person.

An owner of real property subject to a restrictive covenant that relates to the race, color, religion, or national origin of any person can release it by filing a certificate of release of prohibited covenants with the recorder of deeds either prior to recording a deed of conveyance of such property or upon discovering that the prohibited covenant exists.

A certificate does not need to be prepared by an attorney if it substantially conforms to the template set out in statute (Section 442.403).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that this bill will make it easier to develop these vacant properties.

Testifying for the bill were Representative O'Donnell; Missouri

Realtors; Peter Hoffman, Legal Services of Eastern Missouri; and Dale Sweet, Sweet Law Office LLC.

OPPONENTS: Those who oppose the bill say that this takes away people's property rights.

Testifying against the bill was Arnie C. Dienoff.

OTHERS: Others testifying on the bill say that the bill should not make recorders be in charge of policing documents.

Testifying on the bill was the Recorders Association of Missouri.

Written testimony has been submitted for this bill. The full written testimony can be found under Testimony on the bill page on the House website.