

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0278H.04C
 Bill No.: HCS for HB 587
 Subject: Property, Real and Personal; Cities, Towns, and Villages; Political Subdivisions
 Type: Original
 Date: March 3, 2023

Bill Summary: This proposal modifies provisions concerning collection of certain delinquent taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue*	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Blind Pension Fund*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

***Oversight** notes B&P does not have enough information to determine which localities would choose to opt-in or which properties and the amount of delinquency would subsequently be impacted. Oversight assumes the \$250,000 threshold would not be met from this proposal.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

§§140.980, 140.981, 140.982, 140.983, 140.985, 140.986, 140.987, 140.991, 140.1000, 140.1009, 140.1012, 141.220, 141.230, 141.270, 141.290, 141.300, 141.320, 141.330, 141.360, 141.440, 141.520, 141.535, 141.540, 141.550, 141.560, 141.570, 141.580, 141.610, 141.680, 141.700, 141.821, 141.980, 141.1009 and 249.255 – Land Bank Agencies

In response to similar legislation from 2022, HB 2177, officials from the **City of O’Fallon** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this city.

Oversight assumes this proposal is permissive, allowing cities and certain unincorporated communities to establish a land bank agency. Oversight assumes this would take further action by governing bodies of local political subdivisions and therefore, will not reflect a direct fiscal impact.

§§140.010, 140.190, 140.250, 140.420, 140.984, 140.988, 140.994, 141.250, 141.410, 141.500, 141.620, 141.984 – Collection of Certain Delinquent Taxes

Oversight notes §140.988.5 states the county collector may collect a fee for the collection of delinquent and back taxes of up to 5% on all sums collected if the county has established a land bank agency. All fees collected shall be paid to the land bank agency. Oversight assumes this would be additional revenue for the county and therefore will reflect a \$0 to positive unknown fiscal impact to counties.

Oversight notes in §141.500, subsections 2 & 3, have the potential for additional mail costs to be expensed by the county collector. Oversight assumes the county collector is provided with core funding to handle a certain amount of activity each year. Oversight assumes the county collector could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, the county collector could request funding through the appropriation process.

Responses regarding the proposed legislation as a whole

Officials from the **Office of Administration - Budget and Planning (B&P)** assume concerning Chapter 140, RSMo, & Section 249.255: This bill modifies provisions related to how land banks are established and operated, purchase and sell property that is delinquent on taxes and distribute funds from the sale of those properties, how county collectors and land tax attorneys are compensated by the county and land bank located within the county, how suits and petitions are brought forward for the foreclosure of tax liens on properties, and how counties and

municipalities sell properties that are tax delinquent. It also repeals sections on the collection of delinquent taxes and the sale of delinquent tax properties. B&P notes that qualifying localities may opt-in to this program. B&P does not have enough information to determine which localities would choose to opt-in or which properties and the amount of delinquent would subsequently be impacted. Therefore, to the extent that this proposal impacts delinquent tax collections, this proposal may impact TSR and the Blind Pension Trust Fund by an unknown amount.

Oversight does not have information to the contrary and therefore, Oversight will reflect a \$0 to negative unknown amount as provided by the B&P for the Blind Pension Trust Fund.

Officials from the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Revenue**, the **Department of Social Services**, the **Missouri Department of Conservation**, the **City of Kansas City**, the **City of Springfield**, the **Lincoln County Assessor's Office**, the **Phelps County Sheriff's Office**, the **Office of the State Auditor** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, county recorders, assessors, collectors and sheriff offices were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
BLIND PENSION FUND			
<u>Loss – B&P – potential delinquent tax collections from Land Bank Agencies</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT ON THE BLIND PENSION FUND	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
COUNTIES			
<u>Revenue – potential fees charged for the collection of delinquent and back taxes of up to 5% (\$140.988.5)</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
ESTIMATED NET EFFECT ON COUNTY FUNDS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT – Small Business

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

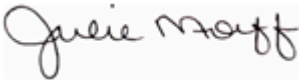
FISCAL DESCRIPTION

This proposal modifies provisions concerning land bank agencies and concerning collection of certain delinquent taxes.

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 Administration
 Budget and Planning
Department of Commerce and Insurance
Department of Economic Development
Department of Revenue
Department of Social Services
Missouri Department of Conservation
City of Kansas City
City of Springfield
Lincoln County Assessor's Office
Phelps County Sheriff's Office
Office of the State Auditor
State Tax Commission
Office of the Secretary of State
City of O'Fallon



Julie Morff
Director
March 3, 2023



Ross Strobe
Assistant Director
March 3, 2023