

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4460H.011
Bill No.: HB 2251
Subject: Property, Real and Personal; Political Subdivisions; Jackson County; Kansas City
Type: Original
Date: April 22, 2024

Bill Summary: This proposal modifies provisions relating to land bank agencies by requiring the land bank of Kansas City, Missouri to file quiet title actions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§141.1009 – Quiet Title Actions for Kansas City Land Banks

Officials from **Kansas City** assume this proposal will have a negative fiscal impact of an indeterminate amount. As the statute is currently written, it gives the Land Bank the authority to file quiet title actions, but it does not obligate it to do so. Currently, the Land Bank does not typically quiet title to properties, instead selling all properties "as is".

The Land Bank has approximately 3,000 properties in its inventory. The City provides all legal services to Land Bank and this will result in a substantial burden to City. The Land Bank would be able to potentially outsource the legal work but the City subsidizes the Land Bank's budget to such a degree that the City would likely be responsible for the cost.

In response to similar legislation from 2023, HB 649, officials from **Jackson County** assumed this proposal would have a positive fiscal impact on Jackson County taxing jurisdictions. The ability to obtain title insurance has been a significant inhibitor of the purchase of many Land Bank parcels in Kansas City. This legislation requiring the Land Bank to obtain quiet title could potentially significantly reduce the time that property remains idled in the Land Bank and not back on the tax rolls.

Oversight assumes there could be additional work/resources/expense for the City of Kansas City from this proposal. Therefore, Oversight will reflect a \$0 or unknown cost for the City of Kansas City.

Officials from the **Department of Commerce and Insurance** assume 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
CITY OF KANSAS CITY			
<u>Cost</u> – additional work/resources to clear titles from land banks §141.1009	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)
ESTIMATED NET EFFECT ON CITY OF KANSAS CITY FUNDS	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)

FISCAL IMPACT – Small Business

Certain small businesses that do titling work could be impacted by this proposal.

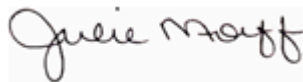
FISCAL DESCRIPTION

This bill requires certain land bank agencies to clear the title to property in which the land bank has an interest. Currently, the land bank agencies are authorized to file quiet title actions but they are not required.

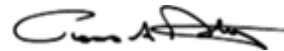
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Kansas City
 Jackson County
 Department of Commerce and Insurance



Julie Morff
 Director
 April 22, 2024



Ross Strope
 Assistant Director
 April 22, 2024