

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4779H.02C
 Bill No.: HCS for HB 2065
 Subject: Taxation and Revenue - Property; Property, Real and Personal; Saint Louis
 County; Counties
 Type: Original
 Date: February 27, 2024

Bill Summary: This proposal modifies provisions relating to the collection of delinquent property taxes.

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
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 there is not 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 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	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§140.980, 140.981, 140.982, 140.983, 140.985, 140.986, 140.987, 140.991, 140.995, 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, 141.1020 & 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.

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 tax 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.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume an unknown negative fiscal impact for this proposal. This is due to the variable number of properties which the Division of Employment Security (DES) has liens on being auctioned off each year.

Oversight does not have information to the contrary and therefore, Oversight will reflect a \$0 to negative unknown amount as provided by the DOLIR & B&P for the Blind Pension Trust Fund. Oversight assumes the \$250,000 threshold would not be met.

Officials from **Kansas City (KC)** assume this legislation will have a negative fiscal impact of an indeterminable amount. Debts associated with properties transferred to the land bank are currently pursued with the prior owners as personal debt. This legislation states that all taxes, special taxes, fines and fees shall be deemed satisfied by transfer to the land bank. KC interprets this to mean the city will lose its ability to go after personal debt from previous owners.

In response to a previous version, officials from the **Lincoln County Assessor's Office** assumed this could be a fiscal issue for county collectors but is unsure of any operational expenses.

Oversight does not have information to the contrary from §140.984 and therefore, Oversight will reflect a \$0 to negative unknown amount as provided by the KC and Lincoln County Assessor's Office to local political subdivisions.

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 Agriculture**, the **Missouri Department of Conservation**, the **Office of the State Treasurer**, the **Office of the State Auditor**, the **State Tax Commission**, the **Office of the State Courts Administrator** and the **Phelps County Sheriff's Office** 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.

In response to a previous version, officials from the **Mississippi County Recorder of Deed's Office** 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.

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 only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, county recorders, county assessors, county collectors and local 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 2025 (10 Mo.)	FY 2026	FY 2027
BLIND PENSION FUND			
<u>Loss</u> – DOLIR & B&P – potential delinquent tax collections from Land Bank Agencies Chapter 140 & §249.255	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
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 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> – Counties - potential fees charged for the collection of delinquent and back taxes of up to 5% (§140.988.5)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Loss</u> – Cities and Counties – all taxes, fines and fees on real estate are considered satisfied once property is transferred to Land Bank (§140.984)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT – Small Business

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

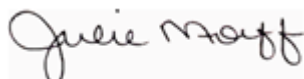
FISCAL DESCRIPTION

This proposal modifies provisions relating to the collection of delinquent taxes.

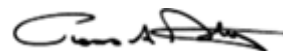
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

O’Fallon
 Office of Administration - Budget and Planning
 Kansas City
 Department of Commerce and Insurance
 Department of Economic Development
 Department of Labor and Industrial Relations
 Department of Revenue
 Department of Social Services
 Missouri Department of Agriculture
 Missouri Department of Conservation
 Office of the State Treasurer
 Office of the State Auditor
 State Tax Commission
 Office of the State Courts Administrator
 Mississippi County Recorder of Deed’s Office
 Lincoln County Assessor’s Office
 Phelps County Sheriff’s Office
 Office of the Secretary of State



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 February 27, 2024



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 Assistant Director
 February 27, 2024