

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1536H.05T
Bill No.: Truly Agreed To and Finally Passed CCS for SS for HCS for HB Nos. 595 & 343
Subject: Property, Real and Personal; Landlords and Tenants; Public Assistance
Type: Original
Date: May 30, 2025

Bill Summary: This proposal modifies provisions relating to certain real estate transactions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§441.043 – Rental Property and Federal Housing Assistance Program

Officials from the **Department of Mental Health (DMH)** assume the proposal modifies §441.043. This bill restricts city or county government from prohibiting landlords' ability to use or consider income-qualifying methods, credit scores, eviction or property damage history, criminal records, and limiting security deposits. It prohibits local governments from requiring private property owners to accept federal housing assistance vouchers as payment for rent. The DMH has a few programs which offer rental assistance that are funded through federal sources. It is very challenging for DMH consumers to obtain rentals in the current market. If landlords in areas that protect "source of income" revert back to disallowing tenants because of subsidies, this could cause additional housing instability within the DMH service population which typically leads to poorer treatment outcomes and higher utilization of crisis services. This could also require funding of incentive programs to encourage landlords to give DMH service population the opportunity to rent in the private market. Those could include landlord mitigation funds or landlord incentive payments. DMH currently does not have any such funds and it would be challenging to predict how much would be necessary. The Division of Behavioral Health (DBH) assumes this will likely impact consumers seeking housing. It is unknown the level of impact to the consumer or the potential increase in those consumers seeking crisis services. Fiscal impact to DBH is unknown.

Oversight notes the following on DMH's website:

Federal Housing Subsidies (Section 8, etc.) for Low-Income Households

- **Public Housing Agencies** - Many cities and towns in Missouri have Public Housing Agencies (PHA's). These agencies administer federally funded low-income housing in their towns or counties; some also own their own affordable rental properties to rent to area residents who cannot afford the normal rents in the area. Most PHA's also administer the federal Housing Choice Voucher Program, commonly known as Section 8. If you cannot find affordable housing on your own, or wish to apply for Section 8 housing, your local Public Housing Agency may be able to help. In some cases, your local Community Action Agency office will also be your Public Housing Agency.

Oversight assumes the state may be impacted from this proposal, however; Oversight considers this impact to be an indirect impact and therefore, will not reflect it in the fiscal note.

Officials from **Kansas City (KC)** assume this proposal will have a negative fiscal impact as it will increase homelessness and will negatively impact the City's budget.

Upon further inquiry, KC states the costs will increase requirements for City services including housing and wraparound services.

Oversight assumes local political subdivisions could be impacted from this proposal, however; Oversight considers these costs to be an indirect impact and therefore, will not reflect them in the fiscal note.

In response to a previous version, officials from the **City of O'Fallon** assumed the proposal will have no fiscal impact on their organization.

In response to similar legislation from 2024, Perfected HB 2385, officials from **Lincoln County** assumed the proposal would have no fiscal impact on their organization.

Responses regarding the proposed legislation as a whole

Officials from the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Labor and Industrial Relations** and the **Missouri Veterans 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and counties 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 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses who operate rental properties or brokerage services could be impacted as a result of this proposal.

FISCAL DESCRIPTION

BROKERAGE AGREEMENTS FOR BUYERS AND TENANTS (Section 339.780, RSMo)

This bill provides that a designated real estate broker acting as a single agent for a buyer or tenant must enter into a written agency agreement before, engaging in brokerage acts, current law allows such a broker to enter into an agreement while engaging in such acts.

ORDINANCES LIMITING ACTIONS OF LANDLORDS AND TENANTS (Section 441.043)

This bill provides that no county or city can enact, maintain, or enforce any ordinance or resolution that:

- (1) Prohibits landlords from refusing to lease or rent a privately owned, single-family, or multiple-unit residential or commercial rental property to a person because the person's lawful source of income to pay rent includes funding from a Federal or other housing assistance program.
- (2) Restricts a landlord's ability to use or consider income qualifying methods, credit reports, eviction or property damage history, or criminal history, or to request such information in order to determine whether to rent or lease a property to a prospective tenant;
- (3) Limits the amount of security deposit a landlord can require from a tenant; or
- (4) Requires tenants to automatically receive the right of first refusal.

This bill allows the county or city to enter into voluntary agreements with private persons to regulate the amount of rent charged for subsidized rental properties. In addition, this bill does not prevent a county or city from enacting, maintaining, or enforcing any ordinance or resolution that prohibits a landlord from discriminating against a tenant or prospective tenant solely on the basis that such tenant is a recipient of veterans' benefits.

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

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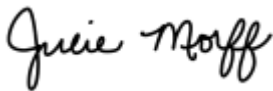
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SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Mental Health
Department of Economic Development
Department of Labor and Industrial Relations
Missouri Veterans Commission
Kansas City
O'Fallon
Lincoln County



Julie Morff
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May 30, 2025



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May 30, 2025