

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3109-10
Bill No.: HCS # 2 for SCS for SB 781
Subject: Courts; Landlords and Tenants; Liability; Real and Personal Property
Type: Original
Date: May 7, 2008

Bill Summary: The proposal exempts landlords from liability for loss or damage to personal property when executing an order for possession of premises and prohibits a real property transfer fee covenant to run with the title to real property after September 1, 2008.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Administrative Hearing Commission, Department of Economic Development, Department of Public Safety – Director’s Office, – Missouri State Highway Patrol, City of Centralia, and the City of Columbia** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state, having reviewed the proposed legislation and having sought the conclusion of the appropriate board(s), DIFP is of the opinion that his legislation in its present form has no fiscal impact to their division. However, should the number of complaints or board workload increase dramatically with the implementation of this bill, additional appropriation and/or FTE may be requested.

Officials from the **Clinton County** assume they may incur minor losses. If a person seeks redress or compensation from the owner, then the law enforcement person may have to attend any applicable court hearings.

Oversight assumes counties could absorb the cost of law enforcement personnel attending court hearings within existing resources.

In response to a previous version of the proposal (HCS for SCS for SB 781, LR # 3109-06), officials from **Pulaski County Sewer District # 1** assumed the provisions in §§ 442.558.1(2)(f) and 442.558.2 would take away their ability to place liens on rental property for unpaid sewer bills, which is their only source of revenue. With the active rental market around Fort Leonard Wood, officials assume this would cost the sewer districts \$100,000 in 2009 in lost revenues. Officials assume losses may mount in the following years, forcing them to raise the rates.

Oversight assumes utility companies could incur losses for unpaid utility bills. Oversight assumes the amount of annual loss is indeterminable and will be shown as unknown. Oversight assumes the annual loss on a statewide basis would exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
POLITICAL SUBDIVISIONS			
<u>Losses – Public Utilities</u>			
Unpaid utility bills	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

This proposal could have a direct impact on small businesses in land development or construction.

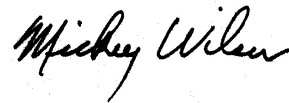
FISCAL DESCRIPTION

The proposed legislation specifies that any transfer fee, declaration, or covenant which requires the payment of a fee to a specific person upon the transfer of real estate will not be binding on or enforceable against any subsequent owner, purchaser, or mortgagee of any interest in real property. Any lien claiming to secure the payment of a transfer fee under a transfer fee covenant recorded in Missouri on or after September 1, 2008, will be void and unenforceable. (§ 442.558)

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
 – Administrative Hearing Commission
Office of State Courts Administrator
Department of Economic Development
Department of Insurance, Financial Institutions, and Professional Registration
Department of Public Safety
 – Director’s Office
 – Missouri State Highway Patrol
City of Centralia
City of Columbia
Clinton County
Pulaski County Sewer District # 1



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Director
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