

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5749-02
Bill No.: SCS for SB 795
Subject: Kansas City; Property, Real and Personal; Taxation and Revenue - Property
Type: Original
Date: March 23, 2012

Bill Summary: This proposal authorizes the establishment of a land bank agency in Kansas City.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| 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 2013 | FY 2014 | FY 2015 |
| Local Government | \$0 or Unknown | \$0 or Unknown | \$0 or Unknown |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator** state this proposal has no fiscal impact on the Courts.

Officials from the **Office of Administration, Office of the State Auditor, Department of Insurance, Financial Institutions and Professional Registration, State Tax Commission, Office of State Public Defender, Office of Prosecution Services, and Department of Revenue** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Attorney General's Office** state that any potential costs arising from this proposal can be absorbed with existing resources.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. 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 \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Correction (DOC)** state that penalty provisions, the component of the proposal to have potential fiscal impact for DOC, is for an unclassified felony with imprisonment provisions of 2 to 5 years. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase of direct offender costs either through

ASSUMPTION (continued)

incarceration (FY11 average of \$16.878 per offender, per day, or an annual cost of \$6,160 per inmate) or through supervision provided by the Board of Probation and Parole (FY11 average of \$5.03 per offender, per day or an annual cost of \$1,836 per offender).

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

In summary, supervision by the DOC through probation would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **City of Kansas City** state this legislation would have a positive fiscal impact on the City of approximately \$500,000 annually by not providing maintenance services to Jackson County Land Trust in the city (i.e., mowing, boarding, demolishing).

Oversight assumes that this proposal could result in savings to the City of Kansas City if properties could be resold more quickly than under existing provisions. Oversight is not able to determine the number or value of properties which could be rehabilitated under this provision. Accordingly, Oversight will indicate savings to the City of Kansas City of \$0 (no properties qualify) to unknown (multiple properties qualify).

Officials from Jackson County and the Jackson County Sheriff's Department did not respond to a request for fiscal impact.

| | | | |
|---|---------------------|------------|------------|
| <u>FISCAL IMPACT - State Government</u> | FY 2013 (10 Mo.) | FY 2014 | FY 2015 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2013 (10 Mo.) | FY 2014 | FY 2015 |
|---|---------------------|---------|---------|

LOCAL POLITICAL SUBDIVISIONS

Savings - City of Kansas City

Land bank agency for properties with delinquent taxes

| | | |
|-----------------------|-----------------------|-----------------------|
| <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> |
|-----------------------|-----------------------|-----------------------|

ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS \$0 to Unknown \$0 to Unknown \$0 to Unknown

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal allows the City of Kansas City to establish a land bank agency for the management, sale, transfer, and other disposition of tax delinquent land to return it to specified effective use.

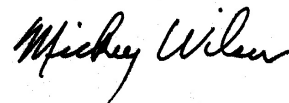
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Courts Administrator
Department of Revenue
State Tax Commission
Office of Administration
Department of Insurance, Financial Institutions and Professional Registration
Department of Corrections
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Office of State Auditor
Office of State Public Defender
Office of Attorney General
City of Kansas City

NOT RESPONDING

Jackson County
Jackson County Sheriff



Mickey Wilson, CPA
Director
March 23, 2012