

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4420-01  
Bill No.: SB 675  
Subject: Housing; Liens; Property, Real and Personal  
Type: Original  
Date: December 22, 2015

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Bill Summary: This proposal modifies residential property receivership.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from **Department of Economic Development (DED)** assume this proposal provides opportunity for associations to call for a receiver in cases of any residential property that violates local housing codes and lays out expanded authority for receivers under that scenario. Currently, the Missouri Housing Development Commission (MHDC) has a contractual right to apply for receivership for properties within our portfolio that carry a MHDC loan. The language in this proposal expands that MHDC could seek a receiver for any MHDC property, further, MHDC could be affected if other parties sought a receiver for a property within our portfolio. MHDC does not use any state money for operational expenses, therefore the fiscal impact of this proposal will be absorbed internally.

Officials from the **City of Kansas City** assume this proposal will not provide for direct savings, but the efficiencies provided by this proposal will make the protection of neighborhoods plagued by these abandoned and/or dilapidated structures result in time savings in the City's efforts to combat these issues.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** and **Office of State Courts Administrator** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from **St. Louis County** and the **City of Columbia** each assume the current proposal would not fiscally impact their local political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

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

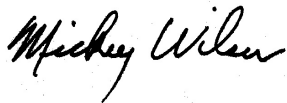
### FISCAL DESCRIPTION

This proposal makes several changes to the residential property receivership statutes including plaintiffs in the receivership action may be permitted by the court to enter into the property prior to appointing a receiver to assess the property and receivers may be paid reasonable expenses from the operation, encumbrance, or sale of the property rather than only from rents collected. Additionally, receivers are no longer required to be bonded and receivers must file quarterly reports with the court of all expenditures and income and receipts received from the property. Also, upon approval by the court, receivers may sell the property to a qualified buyer either at public auction or to a buyer proposed by the receiver for fair market value and proceeds from the sale must be disbursed in order of priority provided. Property sold under court order by the receiver shall be conveyed free from all existing ownership interest in, liens on, and other interests in the property except for federal tax liens properly filed prior to the conveyance. A receiver is not personally liable except for misfeasance or malfeasance in the performance of the functions of the office of receiver, and the receiver shall be discharged upon the motion of the receiver certifying that nuisance abatement or sale of the property is not economically feasible. Finally, the period after which a court can declare a property abandoned and extinguish existing ownership interest in, liens on, and other interests in the property except for federal tax liens properly filed prior the conveyance to the receiver has been shortened from two years to one year.

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 State Courts Administrator  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Economic Development  
City of Kansas City  
City of Columbia  
St. Louis County



Mickey Wilson, CPA  
Director  
December 22, 2015

Ross Strobe  
Assistant Director  
December 22, 2015