

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0479-03  
Bill No.: SB 365  
Subject: Kansas City; Landlords and Tenants; Property, Real and Personal  
Type: Original  
Date: March 6, 2017

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Bill Summary: This proposal modifies provisions requiring LLC's owning rental or unoccupied property in Kansas City and Independence to list a property manager with the city clerk.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<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>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Homes for Veterans, Elderly, and Low-Income Families Fund	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Distribution increases (decreases) net to zero.  
 Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. 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 the 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** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **City of Kansas City** assume this proposal will have a positive fiscal impact on the City of Kansas City of an indeterminate amount.

Officials at the City of Independence did not respond to **Oversight's** request for fiscal impact.

Officials at the **Department of Economic Development**, the **Office of the State Courts Administrator**, the **Department of Public Safety's Veterans Commission**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Social Services**, the **Office of the State Treasurer** and the **Joint Committee on Administrative Rules** each assume no fiscal impact to their respective agencies from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>HOMES FOR VETERANS, ELDERLY, AND LOW-INCOME FAMILIES FUND</b>			
<u>Income</u> - money collected under §347.048	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - program expenses and grants	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON HOMES FOR VETERANS, ELDERLY, AND LOW-INCOME FAMILIES FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Savings</u> - elimination of efforts needed to identify a responsible party for property	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, limited liability companies leasing real property to others or owning unoccupied real property in Kansas City must file an affidavit with the city clerk listing the manager of the property. This act requires the affidavit to additionally name a natural person with control of the property and his or her street address. Furthermore, if the person who manages the property changes, the LLC must file a new affidavit listing a successor manager within 30 days. An LLC may not be charged a fee for filing an affidavit.

FISCAL DESCRIPTION (continued)

If an LLC required to file an affidavit fails to file an affidavit, any person adversely affected or the city may petition the court to direct the filing of an affidavit. Any LLC that fails or refuses to file an affidavit shall be fined \$500 per day. If after 90 days, the LLC has still failed to file an affidavit, the City of Kansas City may petition a court for a judicial declaration of abandonment of property. Such a declaration shall be found, and the property transferred to the city if the following conditions are met:

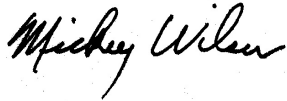
1. The property has been continuously unoccupied by persons legally entitled to possession for at least 6 months prior to the filing of the petition;
2. There are delinquent taxes on the property; and
3. The property is considered a nuisance as defined under Missouri law.

All fines collected under this act shall go to the "Homes for Veterans, Elderly, and Low-Income Families" fund created by this act. The Missouri Housing Development Commission shall disburse grants to veterans, the elderly, and low-income families for the purpose of maintaining and improving their homes. In disbursing grants, the Commission shall give preference to applicants at or below 133% of the federal poverty level.

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 Secretary of State  
City of Kansas City  
Department of Economic Development  
Office of the State Courts Administrator  
Department of Public Safety  
Veterans Commission  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Social Services  
Office of the State Treasurer  
Joint Committee on Administrative Rules



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March 6, 2017

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