

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4359-02
Bill No.: Perfected SCS for SB 623
Subject: Counties; County Officials; Liens; Mortgages and Deeds; Property, Real and Personal
Type: Original
Date: February 14, 2018

Bill Summary: This proposal modifies provisions relating to foreclosure proceeds.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at **St. Louis County** assume there may be additional cost to the county in obtaining title work to verify which lienholder is in the first position, which lienholder in the 2nd position, etc. The cost for an additional employee would be \$46,000 the first year.

In response to similar legislation from this year, HCS/HB 1251, officials at **St. Charles County** estimated the fiscal impact of the above-referenced bill to be as follows:

This bill mandates new services and costs by a county collector and county governing body for filing legal actions to adjudicate lien priorities and distribute surplus funds resulting from tax sales on property in foreclosure due to unpaid taxes. Adjudicating lien priorities is a judicial function, not an administrative function.

In 2017, the St. Charles County Collector held tax sales that resulted in surplus funds on 41 properties. We provided a copy of an affidavit for the cost of legal actions in the matter of a mortgage foreclosure sale that resulted in surplus funds. Attorney fees and costs in this matter were \$4,396.00. Awarding of fees and costs to the plaintiff interpleader is discretionary with the court.

Officials at the **Office of the State Courts Administrator**, the **Department of Revenue**, the **Office of Prosecution Services** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

In response to similar legislation from this year, officials at **Office of the State Public Defender** assumed no fiscal impact from this proposal.

In response to a previous version, officials at **Boone County** assumed no fiscal impact from this proposal.

In response to similar legislation from this year, HCS for HB 1251, officials at the **Mississippi County Recorder of Deeds Office** assumed no fiscal impact from this proposal.

ASSUMPTION (continued)

Officials from the following **counties**: Andrew, Atchison, Audrain, Barry, Benton, Bollinger, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Clinton, Cole, Cooper, Davies, Dekalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Platte, Pulaski, Scott, St. Francois, Taney, Wayne, and Worth did not respond to **Oversight’s** request for fiscal impact.

Officials from the following **Recorder of Deeds’ Offices**: St. Louis City, Cape Girardeau County, Johnson County and the Laclede County did not respond to **Oversight’s** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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COUNTY RECORDER FUNDS

<u>Costs</u> - modifying provisions on foreclosure proceeds	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON COUNTY RECORDER FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Under current law, any surplus proceeds from a foreclosure sale of real estate are placed in the county treasury, for a term of three years, in trust for the publicly recorded owner of the property at the time of the delinquent land tax auction. This act modifies that provision such that surplus funds shall be distributed first to any recorded lien holders prior to being distributed to the owner. If after three years any funds have not been distributed such funds shall become a permanent school fund for the county. Furthermore, the term for which the proceeds shall stay in the county treasury is modified to be the lesser of 3 years or 30 days following the expiration of the redemption period.

The act provides a process for recorded lien holders and owners to show proof of their claims prior to receiving any funds. Furthermore, if more than one party makes a claim to the surplus funds and they cannot come to an agreement satisfactory to the county commission, the county commission or collector may petition the circuit court for interpleader.

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
Office of Prosecution Services
Office of the State Public Defender
State Tax Commission
St. Louis County
Boone County
St. Charles County
Mississippi County Recorder of Deeds Office

Ross Strobe



Acting Director
February 14, 2018