

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4359-03  
Bill No.: Truly Agreed and Finally Passed HCS for SCS for SB 623  
Subject: Counties; County Officials; Liens; Mortgages and Deeds; Property, Real and Personal  
Type: Original  
Date: May 22, 2018

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Bill Summary: This proposal changes the laws regarding foreclosure proceeds.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at **St. Louis County** estimate that this proposal will cost \$12,000 per year for title reports to determine information about the lien holders for each property and an additional \$45,000 in salary and benefits for an additional employee to administer the mandates of this proposal.

Officials at **St. Charles County** estimate 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. 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.

Officials at the **Mississippi County Recorder of Deeds Office** assume no fiscal impact from this proposal.

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

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.

ASSUMPTION (continued)

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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**COUNTIES**

<u>Costs</u> - modifying provisions on foreclosure proceeds	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON COUNTIES</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
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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 90 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 shall 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  
State Tax Commission  
St. Louis County  
Boone County  
St. Charles County  
Mississippi County Recorder of Deeds Office

Ross Strope



Acting Director  
May 22, 2018