

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1191-07  
Bill No.: Truly Agreed To and Finally Passed HCS for SCS for SB 203  
Subject: Political Subdivisions; Property, Real and Personal; Courts; and Civil Penalties  
Type: Original  
Date: June 5, 2019

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Bill Summary: This proposal changes the law regarding certain property regulations.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<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 2020	FY 2021	FY 2022
<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 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</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 2020</b>	<b>FY 2021</b>	<b>FY 2022</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 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§82.462, 82.1025, 82.1027, 82.1030 & 82.1031 - Nuisance actions in certain cities and counties

Officials at the **City of Kansas City** note while this legislation has similar or identical provisions to earlier versions, the City's response below is different than their responses to those earlier versions. Therefore, this is a revised response to the provisions in this legislation that have also been in earlier versions.

This legislation would have a positive fiscal impact on the city because of Section 82.462 which is in line with the City's legislative priority. It would improve the City's ability to convert vacant lots to productive use, thereby decreasing the costs to the taxpayers of abating nuisance conditions on vacant lots, and increasing property tax revenue.

**Oversight** will reflect the City of Kansas City's assumption for this proposal and show possible savings to local governments of \$0 to an unknown savings/revenue of abating nuisance conditions on vacant lots and potential increased property tax revenue.

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

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, St. Louis City was requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to [www.legislativeoversight.mo.gov](http://www.legislativeoversight.mo.gov).

#### §88.770 - Modifies provisions for the sale of municipally owned utilities

**Oversight** assumes the proposed legislation modifies provisions for the sale of municipally owned utilities. Oversight assumes a sale of a municipally-owned utility would likely occur infrequently and would have a limited fiscal impact on municipalities.

**Oversight** also notes per §88.770.1 the board of aldermen may seek an appraisal before the sale of a water or wastewater system or gas plant before voters, and per §88.770.5, the board of aldermen may make a good-faith effort to notify each property owner of the city and each ratepayer of a water or wastewater system or a gas plant of the proposal to dispose of the water or wastewater system or a gas plant, by sale through radio, television, newspaper, regular mail, electronic mail, or any combination of such notification methods. Oversight assumes that such

ASSUMPTION (continued)

appraisal and/or notice of the sale could result in additional costs to the city. Therefore, Oversight will reflect a \$0 (no sale of a utility) or unknown cost (cost of appraisal because of potential sale of utility) for this proposal.

Section 1

**Oversight** assumes this section of the proposal allows the engineer who sealed the ultimate submission of plans for a building permit to conduct the inspection in accordance with the procedures for such inspections established by the political subdivision. Oversight assumes this is a procedural change and would not have direct fiscal impact to local political subdivisions.

Bill as a Whole

Officials at the **Office of the State Courts Administrator**, the **Office of the Attorney General**, the **Department of Natural Resources**, the **Department of Economic Development - Public Service Commission**, the **Office of the State Public Defender** and the **Office of Prosecution Services** each assume no fiscal impact to their agency from this proposal.

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 \$5,000. 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.

**Oversight** inquired the Department of Economic Development's Public Service Commission (PSC) regarding information on appraisals with the sale of public utilities. The PSC doesn't get involved with the net worth of a municipal utility but only with the amounts that are charged to the customer. PSC does not regulate the sale of municipally owned utilities.

ASSUMPTION (continued)

Officials at the **City of Columbia** assume no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Savings/Revenue</u> - abating nuisance conditions on vacant lots and potential increased property tax revenues (§§82.462, 82.1025, 82.1027, 82.1030 & 82.1031)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Cost</u> - appraisal for and/or notification by mail of potential sale of municipal utility (§88.770)	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (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

This act allows a person who is not the owner of real property in Kansas City, St. Louis County, Independence, or St. Louis City or who is a creditor holding a lien interest on the property, and who suspects that the real property may be abandoned, to enter the premises to visually inspect the property to determine whether it is abandoned. Any person who enters the property, according to the provisions of the act, shall not have a right to a mechanics lien. If the person makes a good faith determination based on the inspection that the property is abandoned, the person may secure the property, remove trash or debris from the grounds, landscape, maintain, or mow the grounds, and remove or paint over graffiti. This act provides immunity for the person entering the property from claims of civil and criminal trespass and all other civil immunity, as well as barring an action against the property owners in certain circumstances, unless the act or omission constitutes gross negligence or willful, wanton, or intentional misconduct.

This act specifies that, in the case of real property that is subject to a mortgage or deed of trust, the creditor holding the debt secured by the mortgage or deed of trust may not enter the premises of the real property if the entry is barred by an automatic stay issued by a bankruptcy court.

This act modifies how actions against another property owner whose property is a nuisance are brought in certain cities and counties. Specifically this act modifies how notice of a nuisance is given to the property owner or tenant of the property. Also, this act modifies how proceedings seeking an injunctive relief against the property owner under this act are conducted.

The definitions of the terms "nuisance" and "neighborhood organizations", as they are used in this act, are modified. Property owners and neighborhood organizations seeking injunctive relief under this act will no longer have to show they are suffering actual damages as a result of the nuisance in order to bring such an action. Additionally, this act permits attorney's fees being awarded in certain circumstances to the party who brought the action.

This act modifies a defense available to property owners who are acting in good faith to comply with all orders rather than an order issued by the Department of Natural Resources, the U.S. Environmental Protection Agency, or the Office of the Attorney General.

This act requires the board of aldermen of cities of the fourth classification to seek appraisals and to provide additional reasonable analyses before putting a proposed water or wastewater system sale or a sale of a gas plant before the voters. One appraisal shall be conducted by an independent appraiser selected by the board of aldermen and another appraisal shall be conducted by an independent appraiser approved by the potential buyer and shall be used to determine the utility's fair market value. In addition, the board of aldermen shall prepare an inventory of the utility's real and personal property, a statement of net position or balance sheet of the utility, and a financial information statement of the utility. Alternatives to disposing of the utility system by sale shall be considered by the board.

FISCAL DESCRIPTION (continued)

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  
Office of the Attorney General  
Department of Natural Resources  
Office of the State Public Defender  
Office of Prosecution Services  
Department of Economic Development  
Office of the Secretary of State  
St. Louis County  
City of Kansas City  
City of Columbia



Kyle Rieman  
Director  
June 5, 2019

Ross Strobe  
Assistant Director  
June 5, 2019