

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1621-04  
Bill No.: SS for HB 821  
Subject: Taxation and Revenue - Property; Cities, Towns and Villages; County Officials;  
Property, Real and Personal  
Type: Original  
Date: May 8, 2019

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Bill Summary: This proposal establishes the Land Bank Act.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2024)
General Revenue	\$0 to (\$15,718)	\$0 to (\$38,476)	\$0 to (\$58,869)	\$0 to (\$61,247)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (\$15,718)</b>	<b>\$0 to (\$38,476)</b>	<b>\$0 to (\$58,869)</b>	<b>\$0 to (\$61,247)</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2024)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2024)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2024)
<b>Total Estimated Net Effect on FTE</b>	<b>0</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.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2024)
<b>Local Government</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Corrections (DOC)** assume a direct impact from this legislation would result in a cost that would be fully implemented in FY2024 of \$61,247. The proposed legislation modifies sections relating to the Land Bank Act.

FN 1621-04 adds a land bank agency to section 140.190, and §140.1000 creates a class D felony for employees who accept emoluments other than the salary by the land bank agency for any activity related to the land bank agency. This is a new offense and the DOC uses the standard response for a class D nonviolent offense. If legislation passes, the DOC assumes that it will receive 3 offenders to serve a prison sentence and 5 for probation. This will result in an increase of 9 in the prison population by FY22 and 21 in the field population by FY24.

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
<b>New Admissions</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	3	3	3	3	3	3	3	3	3	3
<b>Probation</b>										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	5	5	5	5	5	5	5	5	5	5
<b>Change (After Legislation - Current Law)</b>										
Admissions	3	3	3	3	3	3	3	3	3	3
Probations	5	5	5	5	5	5	5	5	5	5
<b>Cumulative Populations</b>										
Prison	3	6	9	9	9	9	9	9	9	9
Parole			0	3	6	6	6	6	6	6
Probation	5	10	15	15	15	15	15	15	15	15
<b>Impact</b>										
Prison Population	3	6	9	9	9	9	9	9	9	9
Field Population	5	10	15	18	21	21	21	21	21	21
<b>Population Change</b>	<b>8</b>	<b>16</b>	<b>24</b>	<b>27</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>P&amp;P Officers + or -</b>		0	0	0	0	0	0	0	0	0

If this impact statement has changed from statements submitted in previous years, it is because the Department of Corrections (DOC) has changed the way probation and parole daily costs are calculated to more accurately reflect the way the Division of Probation and Parole is staffed across the entire state.

ASSUMPTION (continued)

In December 2017, the DOC reevaluated the calculation used for computing the Probation and Parole average daily cost of supervision and revised the cost calculation to be used for 2019 fiscal notes. The new calculation estimates the increase/decrease in caseloads at each Probation and Parole district due to the proposed legislative change. For the purposes of fiscal note calculations, the DOC averaged district caseloads across the state and came up with an average caseload of 51 offender cases per officer. The new calculation assumes that an increase/decrease of 51 cases in a district would result in a change in costs/cost avoidance equal to the cost of one FTE staff person in the district. Increases/decreases smaller than 51 offenders are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

The DOC cost of incarceration is \$17.224 per day or an annual cost of \$6,287 per offender. The DOC cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

DOC assumes the total impact for this version below:

	# in prison	Cost per year	Total Cost for prison	increased # on probation & parole	Add'l P&P Officers needed FTE	Total cost for probation and parole	Grand Total - Prison and Probation (includes and 2% inflation)
Year 1	3	(\$6,287)	(\$15,718)	5	0	\$0	(\$15,718)
Year 2	6	(\$6,287)	(\$38,476)	10	0	\$0	(\$38,476)
Year 3	9	(\$6,287)	(\$58,869)	15	0	\$0	(\$58,869)
Year 4	9	(\$6,287)	(\$60,046)	18	0	\$0	(\$60,046)
Year 5	9	(\$6,287)	(\$61,247)	21	0	\$0	(\$61,247)
Year 6	9	(\$6,287)	(\$62,472)	21	0	\$0	(\$62,472)
Year 7	9	(\$6,287)	(\$63,722)	21	0	\$0	(\$63,722)
Year 8	9	(\$6,287)	(\$64,996)	21	0	\$0	(\$64,996)
Year 9	9	(\$6,287)	(\$66,296)	21	0	\$0	(\$66,296)
Year 10	9	(\$6,287)	(\$67,622)	21	0	\$0	(\$67,622)

ASSUMPTION (continued)

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** stated 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.

Officials at the **Missouri Department of Transportation**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Office of State Auditor** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

In response to a previous version, officials at the **Department of Economic Development**, the **Office of the State Courts Administrator** and the **Department of Conservation** each assumed no fiscal impact to their respective agencies from this proposal.

**Oversight** notes that the Department of Economic Development, the Department of Revenue, the Office of the State Courts Administrator, the Department of Corrections, the Department of Conservation, the Department of Insurance, Financial Institutions and Professional Registration, the Office of State Auditor, the State Tax Commission and the Missouri Department of Transportation each has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

In response to a previous version, officials at **St. Louis County**, the **Monroe County Assessor's Office** and the **City of Kansas City** each assumed no fiscal impact to their respective entities from this proposal.

ASSUMPTION (continued)

In response to a previous version, officials at the **Wellsville-Middletown R-1 School District** responded but did not provide a fiscal impact for this proposal.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties and school districts were 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).

**Oversight** assumes §140.981.1 states that “A city may establish a land bank agency by ordinance, resolution, or rule, as applicable.” Oversight assumes there is a potential that new political subdivisions could be established by this proposal. Therefore, Oversight will reflect a \$0 or positive unknown from this proposal.

Similarly, **Oversight** will reflect a potential cost to the Department of Corrections for incarceration of offenders of Section 140.1000 as \$0 (either a land bank agency is not created in St. Joseph or no offenders are charged, found guilty, and imprisoned) to the estimates provided by the DOC.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2024)
<b>GENERAL REVENUE</b>				
<u>Cost - DOC -</u> additional prisoners for Class D felonies	<u>\$0 to (\$15,718)</u>	<u>\$0 to (\$38,476)</u>	<u>\$0 to (\$58,869)</u>	<u>\$0 to (\$61,247)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 to (\$15,718)</u></b>	<b><u>\$0 to (\$38,476)</u></b>	<b><u>\$0 to (\$58,869)</u></b>	<b><u>\$0 to (\$61,247)</u></b>

**FISCAL IMPACT -**  
**Local Government**

	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2024)
<b>LOCAL POLITICAL SUBDIVISIONS</b>				

Revenues -  
 establishing a land  
 bank in cities

\$0 or Unknown   \$0 or Unknown   \$0 or Unknown   \$0 or Unknown

**ESTIMATED NET  
 EFFECT ON  
 LOCAL  
 POLITICAL  
 SUBDIVISIONS**

**\$0 or Unknown   \$0 or Unknown   \$0 or Unknown   \$0 or Unknown**

**FISCAL IMPACT - Small Business**

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

**FISCAL DESCRIPTION**

This act establishes the "Land Bank Act", which authorizes certain cities to establish a land bank agency for the management, sale, transfer, and other disposition of interests in real estate owned by such land bank agency. The proposal contains penalty provisions. The land bank agency shall be established to foster the public purpose of returning land, including land that is in a nonrevenue-generating, nontax-producing status, to use in private ownership. The land bank agency shall not own any interest in real estate that is located partially or wholly outside the city. The beneficiaries of the land bank agency shall be the taxing authorities that held or owned tax bills against the respective parcels of real estate acquired by the land bank agency, as described in the act. (Section 140.981)

No employee of a land bank agency shall receive any compensation or other profit directly or indirectly from the rental, management, acquisition, sale, or other disposition of any lands held by the land bank agency, as described in the act, other than the salaries and expenses provided for in the act. A violation is a class D felony. (Section 140.1000)

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 Secretary of State  
Department of Economic Development  
Department of Revenue  
Office of the State Courts Administrator  
Department of Corrections  
Department of Conservation  
Department of Insurance, Financial Institutions and Professional Registration  
Office of State Auditor  
State Tax Commission  
Department of Labor and Industrial Relations  
Missouri Department of Transportation  
St. Louis County  
Monroe County Assessor's Office  
City of Kansas City  
Wellsville-Middletown R-1 School District



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