

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3849S.05A
Bill No.: SS for HCS for HB 1662, as amended
Subject: Construction and Building Codes; County Officials; Landlords and Tenants;
Property, Real and Personal; Public Records, Public Meetings;
Type: Original
Date: May 11, 2022

Bill Summary: This proposal enacts provisions relating to restrictions on real property.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§64.008, 65.710 & 89.500 – Home-Based Businesses

In response to similar legislation from this year, SCS for SB 809, officials from the **Department of Labor and Industrial Relations (DOLIR)** assumed that the Division of Labor Standards can absorb the costs of this bill with current resources. However, if the workload significantly increased or other legislation was enacted, additional resources would be requested through the appropriation process.

In response to similar legislation from this year, SCS for SB 809, officials from the **Office of Administration - Administrative Hearing Commission** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this entity.

In response to similar legislation from this year, SCS for SB 809, officials from the **Office of the Governor, Attorney General's Office, the Department of Commerce and Insurance, the Department of Public Safety (National Guard), the Missouri House of Representatives, the University of Central Missouri, the City of O'Fallon, and the City of Claycomo** each assumed the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for above organizations.

§71.990 – Political Subdivisions regulating Home-Based Businesses

In response to similar legislation from this year, Perfected HB 2593, officials from the **City of St. Louis** assumed municipalities will no longer be able to require a person to apply for, register for, or obtain any permit, license, variance, or other type of prior approval to operate a no-impact home-based business. The City currently issues business licenses for said businesses which would be prohibited under the proposed legislation. With an annual cost of \$25, licenses for home businesses generated \$12,467 in 2018 and this amount would no longer be collected. The City will also have to modify its ordinances to comply with the new legislation. The new legislation would also seriously affect the Building Division's ability to regulate problem uses in residential areas.

In response to similar legislation from this year, Perfected HB 2593, officials from the **City of Osage Beach** assumed costs may increase as additional investigations will result from citizen complaints about neighborhood activity, or to ensure that such home based business is in compliance with the permitted uses under this bill, especially sections 3 and 4. The City anticipates up to 10 inspections per year for 4 hours of work at \$30 per hour for a total cost of \$1,200.

In response to similar legislation from this year, Perfected HB 2593, officials from the **City of Liberty** assumed this proposal would not allow cities to limit home based businesses, specifically the number of people who can be on the residential “Home Based Business” property at one time. It seems that as long as the products being sold are not illegal or considered “bad”, the only limiting factor would be on-site parking. This is problematic as the City has many large lot residential properties who could create a parking lot to accommodate a retail location. This proposal also removes a City’s authority to require sprinkler systems for these homes that will now be able to be used in a commercial manner. By not allowing cities to require a business license will remove the City’s ability to regulate these businesses to ensure the safety and welfare of their citizens.

Oversight assumes there could be additional investigations done by local political subdivisions as a result of this proposal. However, Oversight is unclear on the number of inspections and cost that could be incurred. Therefore, Oversight will reflect an unknown amount of lost permit/license revenue and/or inspection costs that could exceed the municipalities’ numbers for local political subdivisions from this proposal.

In response to similar legislation from this year, Perfected HB 2593, officials from the **Attorney General’s Office** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to similar legislation from this year, Perfected HB 2593, officials from the **City of Springfield** assumed the proposal will have no fiscal impact on their organization.

§260.295 – Regulating of Refrigerants

In response to similar legislation from this year, Perfected HB 2593, officials from the **City of Springfield** and **City of St. Louis** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this section.

§442.403 – Restrictive Covenants

In response to a previous version, officials from **Greene County** and the **City of O’Fallon** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight assumes this proposal prohibits any deed recorded after August 28, 2022 from containing a reference to a specific portion of a restrictive covenant. Oversight assumes the owner of real property that is subject to a restrictive covenant can release it with the recorder of deeds office by filing a certificate of release form. Oversight assumes the proposal will have no fiscal impact and will reflect a zero impact in the fiscal note.

§442.404 – Restrictive Covenants regarding Solar Panels or Rooftops

In response to similar legislation from this year, Perfected SB 820, officials from the **City of Springfield** assumed the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to similar legislation from this year, Perfected SB 820, officials at the cities of **Ballwin, Corder, Hale, O’Fallon** and **St. Louis** each assumed the proposal will have no fiscal impact on their cities. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these cities.

Bill as a Whole

Officials from the **Office of Administration - Budget and Planning, the Department of Economic Development, the Department of Higher Education and Workforce Development, the Department of Health and Senior Services, the Department of Mental Health, the Department of Natural Resources, the Department of Corrections, the Department of Labor and Industrial Relations, the Department of Public Safety (Division of Alcohol and Tobacco Control, Fire Safety, Office of the Director, Missouri Gaming Commission, Missouri Highway Patrol, State Emergency Management Agency), the Department of Social Services, the Missouri Department of Agriculture, the Missouri Ethics Commission, the Missouri Department of Transportation, the MoDOT & Patrol Employees’ Retirement System, the Office of Administration, the Office of the State Public Defender, the University of Missouri System, the City of Kansas City, the Kansas City Health Department, the Newton County Health Department, the St. Louis County Health Department, the Kansas City Police Department, the St. Louis County Police Department, the Office of the State Auditor, the Office of the State Treasurer, the Joint Committee on Administrative Rules, the Joint Committee on Public Employee Retirement, Legislative Research, the Oversight Division, the Missouri Senate, the Missouri Lottery, the Missouri Consolidated Health Care Plan, the Missouri Office of Prosecution Services, the Missouri State Employee's Retirement System and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Office of the Secretary of State (SOS)** note 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 its 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.

SA 1 - §§ 67.137, 476.095, 478.240, 535.067

Oversight assumes this amendment is striking sections in SS for HCS for HB 1662 will have no fiscal impact.

SA 2 - §§59.310, 92.720, 92.740, 92.750, 92.760, 92.765, 92.770, 92.775, 92.810, 92.815, 92.817, 92.825, 92.835, 92.840, 92.852, 92.855, & 442.130 – Certain Property Regulations

In response to similar legislation from this year, CCS for SS for SCS for HCS for HB 1606, officials from the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Office of the State Courts Administrator**, the **St. Louis County Police Department**, the **Metropolitan St. Louis Sewer District**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Missouri Department of Transportation**, the **State Tax Commission**, the **City of Kansas City** and the **City of O'Fallon** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for these sections.

Officials from the City of St. Louis and the St. Louis Metropolitan Police Department did not respond to **Oversight's** request for fiscal impact for this proposal.

Bill as a Whole as Amended

Officials from **Joint Committee on Education** and the **Oversight Division** each assume the proposal, as amended, will have no fiscal impact on their organization.

Oversight does not have information to the contrary and therefore, Oversight will reflect no fiscal impact for this proposal as amended.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, county health departments, circuit clerks, treasurers, police departments, schools, colleges and county recorder offices were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss and/or Cost</u> – of permit/license revenue and potential costs for additional investigations on home based businesses (§71.990) p. 4	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses that employ minors could be impacted by this proposal. Small business landlords could be impacted as a result of this proposal. There could also be a positive indirect fiscal impact to small businesses that sell/install solar panels or solar collectors as a result of this proposal.

FISCAL DESCRIPTION

This proposal enacts provisions relating to restrictions on real property.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

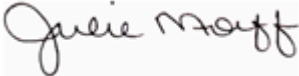
SOURCES OF INFORMATION

Greene County
 Kansas City
 City of O’Fallon
 Office of Administration - Budget and Planning
 Department of Economic Development

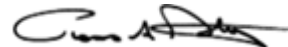
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Public Safety
 Division of Alcohol and Tobacco Control
 Fire Safety
 Office of the Director
 Missouri Gaming Commission
 Missouri Highway Patrol
 State Emergency Management Agency
 Missouri National Guard
Department of Social Services
Missouri Department of Agriculture
Missouri Ethics Commission
Missouri Department of Transportation
MoDOT & Patrol Employees' Retirement System
Office of Administration
Office of the State Public Defender
University of Missouri System
City of Kansas City
Kansas City Health Department
Newton County Health Department
St. Louis County Health Department
Kansas City Police Department
St. Louis County Police Department
Office of the State Auditor
Office of the State Treasurer
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Legislative Research
Oversight Division
Missouri Senate
Missouri Lottery
Missouri Consolidated Health Care Plan
Missouri Office of Prosecution Services
Missouri State Employee's Retirement System
State Tax Commission
Office of Administration - Administrative Hearing Commission
Attorney General's Office
Department of Commerce and Insurance
University of Central Missouri

L.R. No. 3849S.05A
Bill No. SS for HCS for HB 1662, as amended
Page 9 of 9
May 11, 2022

City of Claycomo
Office of the State Courts Administrator
City of Springfield
City of Osage Beach
City of Liberty
City of Ballwin
City of Corder
City of Hale
Office of the Secretary of State
St. Louis County Police Department
Metropolitan St. Louis Sewer District
Joint Committee on Education



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May 11, 2022



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May 11, 2022