

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3849S.05T
Bill No.: Truly Agreed To and Finally Passed SS for HCS for HB 1662
Subject: Construction and Building Codes; County Officials; Landlords and Tenants;
Property, Real and Personal; Public Records, Public Meetings;
Type: Original
Date: June 3, 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

§§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 **Metropolitan St. Louis Sewer District** 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.

SEQ CHAPTER \h \r 1
§§64.008, 65.710 & 89.500 – Home-Based Businesses

In response to similar legislation from this year, SCS for SB 809, officials from the **University of Central Missouri** and the **City of O’Fallon** 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.

SEQ CHAPTER 1 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 the **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 **Attorney General's Office**, the **Office of Administration (Budget and Planning & Administrative Hearing Commission)**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, 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 Revenue**, the **Department of Public Safety (Division of Alcohol and Tobacco Control, Capitol Police, Fire Safety, Office of the Director, Missouri Gaming Commission, Missouri National Guard, Missouri Highway Patrol, Missouri Veterans Commission, State Emergency Management Agency)**, the **Department of Social Services**, the **Missouri Department of Agriculture**, the **Missouri Department of Conservation**, the **Missouri Ethics Commission**, the **Petroleum Storage Tank Insurance Fund**, 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 Claycomo**, the **City of Kansas City**, **St. Louis County**, the **Newton County Health Department**, the **St. Louis County Health Department**, the **Kansas City Police Department**, the **St. Joseph Police Department**, the **St. Louis County Police Department**, the **Office of the Governor**, the **Office of the State Auditor**, the **Office of the State Treasurer**, the **Missouri House of Representatives**, the **Joint Committee on Administrative Rules**, the **Joint Committee on Education**, the **Joint Committee on Public Employee Retirement**, **Legislative Research**, the **Oversight Division**, the **Missouri Lottery**, the **Missouri Consolidated Health Care Plan**, the **Missouri Higher Education Loan Authority**, the **Missouri Office of Prosecution Services**, the **Office of the State Courts Administrator**, 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 **Missouri Senate** and the **Kansas City Health Department** each state an indeterminate fiscal impact from this proposal.

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.

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.

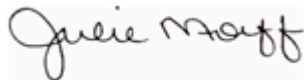
Section 442.404 contains an effective date of January 1, 2023.

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

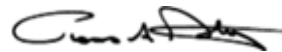
SOURCES OF INFORMATION

Greene County
Kansas City
City of O'Fallon
Office of Administration
Department of Economic Development
Department of Elementary and Secondary Education
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 Revenue
Department of Public Safety
Department of Social Services
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri Department of Transportation
MoDOT & Patrol Employees' Retirement System
Office of Administration
Office of the State Public Defender
Missouri House of Representatives
University of Missouri System
Kansas City Health Department
Newton County Health Department
St. Louis County Health Department
Kansas City Police Department
St. Joseph 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 Higher Education Loan Authority
Missouri Office of Prosecution Services
Missouri State Employee's Retirement System
Office of the Governor
State Tax Commission
Attorney General's Office
Department of Commerce and Insurance
University of Central Missouri
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
St. Louis County
Office of the Secretary of State
Metropolitan St. Louis Sewer District
Joint Committee on Education
Petroleum Storage Tank Insurance Fund
St. Louis City



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June 3, 2022



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