

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1721S.01I  
Bill No.: SB 507  
Subject: Cities, Towns, and Villages; Counties; County Government; Landlords and Tenants; Political Subdivisions  
Type: Original  
Date: March 3, 2025

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Bill Summary: This proposal provides that counties and cities shall not enact, maintain, or enforce certain ordinances relating to landlords and tenants.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
	\$0	\$0	\$0
<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 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 \$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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §441.043 – Rental Property and Federal Housing Assistance Program

Officials from the **Department of Mental Health (DMH)** assume the proposal modifies §441.043. This bill restricts city or county government from prohibiting landlords' ability to use or consider income-qualifying methods, credit scores, eviction or property damage history, criminal records, and limiting security deposits. It prohibits local government from requiring private property owners to accept federal housing assistance vouchers as payment for rent. The DMH has a few programs which offer rental assistance that are funded through federal sources. It is very challenging for DMH consumers to obtain rentals in the current market. If landlords in areas that protect "source of income" revert back to disallowing tenants because of subsidies, this could cause additional housing instability within our service population which typically leads to poorer treatment outcomes and higher utilization of crisis services. This could also require funding of incentive programs to encourage landlords to give DMH service population the opportunity to rent in the private market. Those could include landlord mitigation funds or landlord incentive payments. DMH currently does not have any such funds and it would be challenging to predict how much would be necessary. The Division of Behavioral Health (DBH) assumes this will likely impact consumers seeking housing. It is unknown the level of impact to consumer or the potential increase in those consumers seeking crisis services. Fiscal impact to DBH is unknown.

**Oversight** notes the following on DMH's website:

Federal Housing Subsidies (Section 8, etc.) for Low-Income Households

- **Public Housing Agencies** - Many cities and towns in Missouri have Public Housing Agencies (PHA's). These agencies administer federally funded low-income housing in their towns or counties; some also own their own affordable rental properties to rent to area residents who cannot afford the normal rents in the area. Most PHA's also administer the federal Housing Choice Voucher Program, commonly known as Section 8. If you cannot find affordable housing on your own, or wish to apply for Section 8 housing, your local Public Housing Agency may be able to help. In some cases, your local Community Action Agency office will also be your Public Housing Agency.

**Oversight** assumes the state may be impacted from this proposal, however; Oversight assumes this would be more of an indirect impact for this proposal.

Officials from **Kansas City** assume this proposal may have a negative fiscal impact as it may increase homelessness.

**Oversight** assumes local political subdivisions could be impacted from this proposal, however; Oversight assumes this would be more of an indirect impact for this proposal.

Officials from the **Department of Economic Development** and the **Department of Labor and Industrial Relations** 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.

In response to similar legislation from 2024, Perfected HB 2385, officials from **Lincoln County** 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.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other cities and counties 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 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses who operate rental properties could be impacted as a result of this proposal.

FISCAL DESCRIPTION

This act provides that no county or city shall enact, maintain, or enforce any ordinance or resolution that:

- (1) Prohibits landlords from refusing to lease or rent a privately-owned, single family or multiple-unit residential or commercial rental property to a person because his or her lawful source of income includes a federal housing assistance program funding;
- (2) Prohibits landlords from using income-qualifying methods, credit scores, credit reports, or eviction or property damage history, or requesting such information to determine whether to rent or lease a property to a prospective tenant;

- (3) Prohibits landlords from requesting criminal records from a prospective tenant;
- (4) Limits the amount of money for a security deposit; or
- (5) Requires tenants to automatically receive the right of first refusal.

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

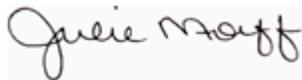
Department of Mental Health

Kansas City

Department of Economic Development

Department of Labor and Industrial Relations

Lincoln County



Julie Morff  
Director  
March 3, 2025



Jessica Harris  
Assistant Director  
March 3, 2025