

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5321H.01P
Bill No.: Perfected HB 2593
Subject: Cities, Towns, and Villages; Political Subdivisions; Counties; Licenses -
Miscellaneous; Professional Registration and Licensing; Business and Commerce
Type: Original
Date: April 6, 2022

Bill Summary: This proposal prohibits political subdivisions from regulating the use of
private 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

§71.990 – Political Subdivisions regulating Home-Based Businesses

Officials from the **City of Kansas City** assume this proposal could have a negative fiscal impact on the City in lost revenue from business license fees or taxes.

In response to similar legislation from 2019, HCS for HB 473, officials from the **City of St. Louis** assume 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 2019, HCS for HB 473, 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 2019, HCS for HB 473, 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 our 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 a previous version, officials from the **Office of the Secretary of State (SOS)** noted 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.

In response to a previous version, officials from the **Attorney General's Office**, the **Department of Economic Development** and the **Department of Revenue** 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.

In response to a previous version, officials from the **City of Springfield** assumed the proposal will have no fiscal impact on their organization.

House Amendment 1 – Titling Amendment

Oversight notes this amendment will have no direct fiscal impact on the proposal.

House Amendment 2 (§535.012) – Evictions

In response to similar legislation from this year, HCS/HB 1682, officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization.

In response to similar legislation from this year, HCS/HB 1682, officials from the **Attorney General's Office** assumed the proposal would not have a fiscal impact on their organization.

Oversight notes that the above mentioned agencies have 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 for this section.

In response to similar legislation from this year, HCS/HB 1682, officials from the **City of O'Fallon** and **City of Springfield** 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.

House Amendment 3 (§442.404) – Homeowners' Associations and Sale Signs

In response to similar legislation from this year, HCS/HB 1682, officials from the **Department of Economic Development** 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 section.

In response to similar legislation from this year, HCS/HB 1682, officials from the **City of O'Fallon** and **City of Springfield** 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.

House Amendment 4 (§196.298) – Cottage food production operations selling food over the internet

In response to similar legislation from this year, HB 1697, officials from the **St. Louis County Health Department** 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 on the fiscal note for this section.

House Amendment 5 – (§260.295) – Regulating of Refrigerants

In response to similar legislation from this year, HCS/HB 2673, 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.

House Amendment 6 (§436.337) – Home Inspections

In response to similar legislation from this year, HCS/HB 1682, officials from the **Department of Economic Development** 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 section.

In response to similar legislation from this year, HCS/HB 1682, officials from the **City of O'Fallon** and **City of Springfield** 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.

Bill as a Whole

Officials from the **Department of Commerce and Insurance**, the **Department of Natural Resources**, the **Department of Public Safety's Office of the Director**, the **Department of Health and Senior Services**, the **Department of Revenue**, the **Joint Committee on Administrative Rules**, the **City of Claycomo**, the **City of O'Fallon** and the **Newton County Health Department** 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties and county health departments were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System 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) pg. 3	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

Small home-based businesses and landlords could be impacted by this proposal.

FISCAL DESCRIPTION

§71.990 – Political Subdivisions regulating Home-Based Businesses

This bill prohibits political subdivisions from restricting the operation of a “no-impact home-based business” or otherwise requiring a person to apply for or obtain a permit, license, variance,

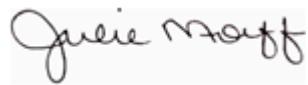
or other prior approval to operate a no-impact home-based business. The bill establishes a list of factors that qualify a home-based business as a no-impact home-based business.

Political subdivisions can establish reasonable regulations on a home-based business if the regulations are narrowly tailored for specified purposes, including protecting public health and safety. A political subdivision that enacts a regulation bears the burden of proving by clear and convincing evidence that the regulation complies with this bill.

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

City of Kansas City
City of St. Louis
City of Osage Beach
City of Liberty
Joint Committee on Administrative Rules
Office of the Secretary of State
Attorney General's Office
Department of Commerce and Insurance
Department of Economic Development
Department of Health and Senior Services
Department of Natural Resources
Department of Revenue
Department of Public Safety - Office of the Director
Office of the State Courts Administrator
Department of Labor and Industrial Relations
City of Claycomo
City of O'Fallon
City of Springfield
Newton County Health Department
St. Louis County Health Department



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April 6, 2022



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