

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5321S.02C
Bill No.: SCS for HB 2593
Subject: Cooperatives; Corporations; Easements and Conveyances; Energy; Environmental Protection; Housing; Mortgages and Deeds; Property, Real and Personal; Public Service Commission; Utilities; Political Subdivisions
Type: Original
Date: May 4, 2022

Bill Summary: This proposal modifies provisions relating to 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

§§64.008, 65.710, 89.500 – Zoning Regulations on Home-Based Work by Political Subdivisions

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 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.

Oversight notes these sections prohibit counties, municipalities and townships from enacting a zoning ordinance or regulation of home-based work. Oversight assumes no fiscal impact on these sections of the proposal.

§71.990 – Political Subdivisions regulating Home-Based Businesses

Officials from the **City of Kansas City** assume this proposal could have a large negative fiscal impact on the City in lost revenue from business license fees. Additionally, it would be up to the (then unregistered/unlicensed) business owners to report earnings and pay other taxes due under Kansas City's ordinances.

In response to similar legislation from 2019, HCS for HB 473, 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 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.

SEQ CHAPTER \h \r 1 SEQ CHAPTER \h \r 1

In response to a previous version, 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 a previous version, 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, 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.

§436.337 – Home Inspections

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.

§442.404 – Homeowners’ Associations and Sale Signs and solar

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.

§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.

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 Commerce and Insurance**, 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 National Guard, Missouri Highway Patrol State Emergency Management Agency)**, the **Department of Revenue**, the **Department of Social Services**, the **Missouri Department of Agriculture**, the **Missouri Department of Conservation**, 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 **Newton County Health Department**, the **St. Louis County Health Department**, the **St. Louis County Police Department**, the **Office of the State Treasurer**, 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 Senate**, the **Missouri Lottery**, the **Missouri Consolidated Health Care Plan**, the **Missouri Higher Education Loan Authority**, the **Missouri Office of Prosecution Services**, **Missouri State University**, 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.

In response to a previous version, officials from the **City of Claycomo** 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 only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, county health departments, circuit clerks, treasurers, police, fire protection districts, schools, and colleges 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. 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 home-based businesses and landlords could be impacted by this proposal.

FISCAL DESCRIPTION

§71.990 – Political Subdivisions regulating Home-Based Businesses

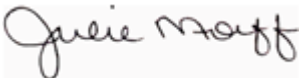
This bill prohibits political subdivisions from restricting the operation of a “no-impact home-based business” or otherwise requiring a person to apply for or obtain a permit, license, variance, or other prior approval to operate a no-impact home-based business. The bill establishes a list of factors that qualify a home-based business as a no-impact home-based business.

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

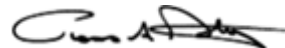
SOURCES OF INFORMATION

City of Kansas City
 City of St. Louis
 City of Osage Beach
 City of Liberty
 Attorney General’s Office
 Department of Commerce and Insurance
 Office of the State Courts Administrator
 City of Claycomo
 City of O’Fallon
 City of Springfield
 Newton County Health Department
 St. Louis County Health Department
 Office of Administration

Missouri House of Representatives
University of Central Missouri
Office of the Governor
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
Department of Revenue
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
University of Missouri System
St. Louis County Police Department
Office of the State Treasurer
Joint Committee on Administrative Rules
Joint Committee on Education
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
State Tax Commission



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