

HCS HB 707 -- LAND BANK AGENCY

SPONSOR: Nolte (Brown, 50)

COMMITTEE ACTION: Voted "do pass" by the Committee on International Trade and Job Creation by a vote of 10 to 0.

This substitute allows the City of Kansas City to establish a land bank agency for the management, sale, transfer, and other disposition of tax delinquent lands and other lands in its possession in order to return it to effective use to provide housing, new industry, and jobs and to create new revenue for the city. The agency must be established by order or ordinance as provided by the city's charter and will only have authority over tax delinquent lands and other lands in its possession located within the city.

The agency is authorized to accept the grant of any interest in real property made to it or to accept gifts and grant-in-aid assistance. It is to exercise all powers that are conferred by Sections 141.210 - 141.810 and Sections 141.980 - 141.982, RSMo, relating to the Land Tax Collection Law, and will be deemed a public corporation acting in a governmental capacity.

The beneficiaries of the agency will be the taxing authorities that held or owned tax bills against the respective parcels of real estate acquired by the agency at a sheriff's foreclosure sale or by deed from land trustees, and each taxing authority's respective interests in each parcel will be to the extent and in the proportion and according to the priorities determined by the court based on the principal amount of their respective tax bills bore to the total principal amount of all the tax bills described in the judgment.

The agency will be composed of three commissioners appointed by specified officials; and each commissioner must furnish a surety bond, if the bond is not already covered by a governmental surety bond, in an amount of up to \$25,000 to be paid out of city funds.

The agency is authorized to sue and issue deeds in its name and operate as any other corporate body. It can convey title to any real estate it has sold or conveyed by general or special warranty deed. A deed must include the selling price and whether the selling price represents a value equal to or greater than two-thirds of the appraised value of the real estate. If the selling price is less than two-thirds of the appraised value, the commissioners must first procure the consent of at least two appointing authorities.

The agency must maintain a perpetual inventory of all acquired

real estate. All land owned by the agency can be used as it sees fit including consolidating the land or grouping it for economy, utility, or convenience.

The annual budget of the agency must be prepared by December 10 and delivered to the ad valorem taxing authorities that appointed commissioners for its review and approval. The substitute specifies the procedure if one of the taxing authorities does not approve the proposed budget.

If at any time there are not enough funds available to pay the salaries and other expenses of the agency, sufficient funds will be advanced and paid to the agency upon its requisition from the ad valorem taxing authorities in the county that are not appointing authorities of which 7% will be paid by the county commission and 93% from the other taxing authorities. The amount cannot exceed 25% of the agency's annual budget unless agreed to and approved by the taxing authorities. These funds will be considered advances and subject to repayment from funds subsequently collected by the agency.

A land bank commissioner or salaried agency employee is prohibited from receiving any compensation, emolument, or other profit from the rental, management, purchase, sale or other disposition of any lands held by the agency other than the salaries, expenses, and emoluments provided by law and is prohibited from having any relationship with, being employed by, or receiving compensation from any contractor or developer who purchases property from the agency. Anyone convicted of violating this provision will be guilty of a felony and upon conviction be sentenced to between two and five years in the state penitentiary.

FISCAL NOTE: No impact on state funds in FY 2012, FY 2013, and FY 2014.

PROPONENTS: Supporters say that the City of Kansas City had a very large number of mortgage foreclosures recently and the land bank system might allow more participation in the rehabilitation and redevelopment of vacant, decrepit homes by smaller neighborhood associations. These abandoned buildings do not just blight the neighborhood and drive down property values but also present health and safety issues and attract drug dealers and drug users. There are more fires in abandoned buildings.

Testifying for the bill were Representative Brown (50); David Park, Department of Neighborhood and Community Services, City of Kansas City; and Edwin Stoll, Collections Department, Jackson County.

OPPONENTS: There was no opposition voiced to the committee.