

SCS HCS HB 1659 & 1116 -- LAND BANK AGENCY IN KANSAS CITY

This bill changes the provisions of the Land Tax Collection Law.

LAND TAX SALE PROCEDURES

Several definitions and provisions governing land tax sale procedures are revised to include land bank agencies established under Sections 141.980 to 141.1015, RSMo.

A land trust and a land bank agency are authorized to file a single petition to quiet title to one or more parcels of property. The court must schedule a hearing within 90 days of filing the petition, and as to all matters for which an answer was not filed by an interested party, and issue its final judgment within 120 days of the petition filing.

LAND TRUSTS

If any appointing authority of a land trust fails to make any required appointment of a land trustee, the appointment will be made by the county. When a municipality or school district that is an appointing authority of a land trust becomes an appointing authority of a land bank agency, the term of any land trustee appointed by the municipality or school district will terminate. After any required land transfers from the land trust to the land bank agency are completed, the municipality or school district will no longer be an appointing authority for the land trust.

The date by which the annual budget of the land trust must be prepared and delivered to the appointing authorities is changed from December 10 to October 1; the date by which the appointing authorities must notify the land trust of any objections to the proposed budget is changed from December 1 to November 20; and the dates by which the proposed budget must be made available to the public and by which a public hearing must be held are changed from December 10 and December 20 to October 10 and October 20, respectively.

If at any time there are not enough funds available to pay the salaries and other expenses of the land trust, sufficient funds will be advanced and paid to the land trust by the county and certain other taxing authorities as specified in the bill. The contribution rate from the county is lowered from 50% to 7%, and the proportional contribution rate of the other taxing authorities is increased from 50% to 93%.

LAND BANK AGENCIES

The bill allows certain municipalities, including 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 foster the public purpose of returning land, including land that is in a nonrevenue-generating, nontax-producing status, to use in private ownership. The agency must be established by ordinance or resolution and will only have authority over tax delinquent lands and other lands in its possession wholly located within the city. It will be deemed a public corporation acting in a governmental capacity and will be exempt from all state and local taxation, but will not have the power of eminent domain or the power to tax. The agency will be composed of a board of five 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. The powers, duties, and procedures of the board are specified in the bill.

A land bank agency is:

- (1) Authorized to acquire real property or interests in property by purchase, gift, exchange, transfer, foreclosure, lease, grant assistance, or other devise;
- (2) Authorized to sue and issue deeds in its name and will have the power to operate as any other corporate body, including hiring staff and entering into contracts;
- (3) Prohibited from owning real estate outside the boundaries of Kansas City but may accept a transfer of real estate from a political subdivision;
- (4) Subject to the Open Meetings and Records Law, commonly known as the Sunshine Law;
- (5) Prohibited from selling more than five contiguous parcels to the same entity in the course of one year; and
- (6) Required to maintain a perpetual inventory of all acquired real estate and make it available on its website.

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 a court based on the principal amount their respective tax bills bore to the total principal amount of all the tax bills described in the judgment.

A land bank may be sold property offered for sale at a public tax foreclosure sale if:

- (1) The property is located within a low- to moderate-income area designated as a target area for revitalization by the municipality that created the land bank agency;
- (2) The land bank's bid is equal to or greater than the total amount of the tax bill, interest, penalties, and attorney fees; and
- (3) Its bid is the highest bid.

If property wholly located within Kansas City is offered for sale at three different tax sales and no bid at least equal to the total amount of the tax bill, interest, penalties, and attorney fees is received, the land bank will be deemed to have bid the total amount of the tax bill, interest, penalties, and attorney fees, and the property automatically will be transferred to the land bank.

Within one year of the effective date of the ordinance or resolution passed by a municipality establishing a land bank agency, title to any real property held by a land trust created under Section 141.700 that is located wholly within the municipality that created the land bank agency must be transferred by deed to the land bank agency.

If the municipality that creates the land bank agency establishes priorities for the use of property conveyed by the land bank agency, those priorities are required to be consistent with, and no more restrictive than, municipal planning and zoning ordinances. The land bank agency is required to accept written offers to purchase property when the offers are equal to or greater than the fair market value of the property. If the land bank rejects the offer or does not respond within 60 days, the land bank agency's action is subject to judicial review under Chapter 536. The land bank agency is required to reduce its requested price for the property and to advertise the discount publicly if the land bank agency owns more than five parcels in a single city block and has not received a written offer to purchase any of those parcels in the past 12 months.

The bill specifies how money from the sale of land bank property must be distributed. If the land bank transfers property, the taxes on the real estate must be distributed to the land bank agency for the following three tax years.

The bill requires an annual audit of the land bank agency by certified public accountants as of April 30 and allows

performance audits by the State Auditor or the city auditor at any time.

A land bank commissioner or salaried agency employee is prohibited from receiving any compensation, emolument, or other profit from the rental, management, acquisition, sale, demolition, repair, rehabilitation, use, operation, ownership, or other disposition of any lands held by the agency and from owning, directly or indirectly, any legal or equitable interest in or to any lands held by the agency other than the salaries, expenses, and emoluments provided by law. Anyone convicted of violating this provision will be guilty of a felony and, upon conviction, sentenced to a term of imprisonment of two to five years.