

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 3589-06
Bill No.: Perfected SS for SCS for SB 1183
Subject: Political Parties: Subdivision Regulation
Type: Original
Date: April 14, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Natural Resources** assume no fiscal impact.

Officials of the **Kansas City Manager's Office** assume they are exempt from this legislation and assume no fiscal impact.

Officials of the **City of Maryland Heights** stated that this proposal may have significant negative fiscal impact. Officials stated the City generally requires cash surety for subdivision improvements. A bond means that a solvent defendant is available should the developer fail. Significant legal costs as well as the possibility of a bond not in place years after the original approval of the plan exposes the City to dollars of expenses not currently at risk.

Based on the response submitted by the City of Maryland Heights, Oversight assumes that certain cities could have some legal costs as well as other cost related to subdivisions.

Oversight has approximately 25 cities on their response list. Timing did not allow for their response to this substitute.

ASSUMPTION (continued)

In response to almost identical legislation (fiscal note # 3808 - 01 which covers only section 64.825 of this proposal) the following fiscal impact statements were issued:

Officials of the **Jasper County Commission** assume no fiscal impact.

Officials of the **Jefferson County Commission** assume no fiscal impact.

Officials of the **Platte County Planning Commission** assume no fiscal impact.

Officials of the **Greene County Commission** assume no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007

POLITICAL SUBDIVISIONS

<u>Cost</u> to Certain Political Subdivisions from legal expense, other cost related to subdivision maintenance.	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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ESTIMATED NET EFFECT TO CERTAIN POLITICAL SUBDIVISIONS	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

In accordance with this act, cities and towns may only impose requirements for the posting of bonds or escrows for subdivision-related improvements. In lieu of completion of work and installations prior to the final approval of a plat, the council will accept, at the option of the developer, an escrow secured with cash, an escrow secured with an irrevocable letter of credit, or a surety bond, provided the surety bond must be issued by a surety bonding company with a reasonably acceptable bond rating.

Under this act, regulations shall provide that in the event a developer, who has posted a bond or an escrow with the city, transfers title of the subdivision property prior to full release, the municipality will accept a replacement escrow from the successor. The city will accept a replacement in the amount held by the city at the time of the property transfer. Upon receiving the replacement escrow, the city shall fully release the original escrow or bond and the prior developer from all obligations provided the successor developer assumes all of the outstanding obligations of the previous developer associated with the subdivision improvements.

The regulations shall provide that any escrow or bond amount on each component of the improvements or utilities shall be released within thirty days of completion minus a maximum retention of five percent which shall be released upon completion of all improvements and utility work. The city shall inspect each category of improvement or utility work within twenty business days after a request for such inspection. If the city or town has not released the escrow funds or bond amount within 30 days or timely inspected the improvements, the city shall pay interest.

Kansas City is exempt from this act.

This act includes "bond amount" where the statute previously referred only to "escrow funds".

This bill allows county planning commissions to accept other forms of security besides surety bonds to ensure the actual construction of improvements and utilities in subdivisions in unincorporated areas.

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

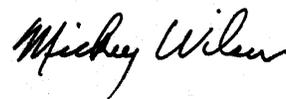
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SOURCES OF INFORMATION

Department of Natural Resources
City of Maryland Heights
Greene County Commission
Jasper County Commission
Jefferson County Commission
Platte County Planning Commission
Kansas City Manager's Office

NOT RESPONDING

All cities and counties on Oversight's response lists.



Mickey Wilson, CPA
Director
April 14, 2004