

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4387S.02I  
 Bill No.: SB 1324  
 Subject: Housing; Mortgages and Deeds; Property, Real and Personal; Taxation and Revenue - Property; Taxation and Revenue - General; Corporations; Contracts and Contractors; Easements and Conveyances  
 Type: Original  
 Date: April 5, 2024

Bill Summary: This proposal enacts the "Missouri Uniform Homeowners' Association Act".

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Blind Pension Fund (0621)*	\$0	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: () indicate costs or losses.

**\*Oversight** assumes the provisions of this proposal would not reach the \$250,000 threshold. Oversight is unclear of the number of homeowner associations in the State of Missouri and how much personal property and common ground is owned and/or leased by them. Homeowner Associations would need to have an assessed value of personal property and common ground greater than \$833,333,334 in order to meet the \$250,000 threshold.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

§§448.300, 448.305, 448.310, 448.315, 448.320, 448.325, 448.330, 448.335, 448.340 & 448.345 – Missouri Homeowners’ Association Act

In response to similar legislation from this year, HB 2270, officials from the **Office of Administration - Budget and Planning (B&P)** stated, to the extent this exempts real and personal property currently subject to taxes, this proposal could impact revenues to the Blind Pension Trust Fund and TSR.

Officials from the **State Tax Commission (STC)** have determined that this bill will have an unknown, small negative impact on revenues for school districts, counties, cities, fire districts and other local taxing jurisdictions supported by property tax revenues. STC was unable to calculate the impact because data regarding the number of homeowner associations who could benefit from not paying real or personal property on their property is unknown.

**Oversight** does not have information to the contrary. Oversight assumes if this proposal goes into effect as of January 1, 2025, it would exempt taxation on personal property and common ground owned and/or leased by homeowner associations and could potentially reduce the amount of revenue that is received by the Blind Pension Fund and local political subdivisions such as school districts, counties and cities. Therefore, Oversight will reflect a \$0 or unknown negative loss of revenue as assumed by the B&P and the STC for the fiscal impact of this proposal, starting in FY 2026.

Officials from the **Department of Economic Development, the Department of Labor and Industrial Relations, the Missouri Department of Transportation, the Department of Revenue, the Office of the Secretary of State and Kansas City** 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.

In response to similar legislation from this year, HB 2270, officials from the **Office of the State Courts Administrator** 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.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>BLIND PENSION FUND (0621)</b>			
<u>Revenue Loss</u> – exempting taxation on personal property and common ground of homeowner associations §448.320	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON THE BLIND PENSION FUND (0621)</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Loss</u> – exempting taxation on personal property and common ground of homeowner associations §448.320	\$0	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act enacts the "Missouri Uniform Homeowners' Association Act". The act shall apply with respect to events occurring after January 1, 2025, and shall not modify existing binding agreements running with land. The provisions of the act shall not be varied by agreement, or waived.

Each lot, as defined in the act, shall constitute a separate parcel of real estate, assessed and taxed consistent with its restricted use. Common ground and property of the association shall not be subject to taxation.

The act further specifies procedures for amending the declarations creating a planned community, and for appealing the amendments.

An owners association shall be organized prior to conveyance of the first lot in a planned community, and shall be incorporated as a mutual benefit nonprofit corporation within 1 year of the transfer of control from the declarant.

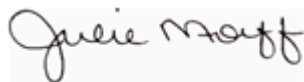
The act provides for the owners associations to be governed by a board of directors, and specifies election procedures. The act further lays out procedures for establishing an association's budget and assessments on lot owners; provides that any provision in the association's governing documents specifying a maximum assessment or maximum assessment increase shall be void; and details procedures for recovering delinquent assessments through the courts, including actions against tenants.

Lastly, the act includes provisions regarding binding arbitration, and regarding nonbinding dispute resolution between lot owners.

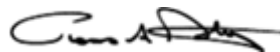
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Office of Administration - Budget and Planning  
Office of the Secretary of State  
State Tax Commission  
Office of the State Courts Administrator  
Department of Economic Development  
Department of Labor and Industrial Relations  
Missouri Department of Transportation  
Department of Revenue  
Kansas City



Julie Morff  
Director  
April 5, 2024



Ross Strobe  
Assistant Director  
April 5, 2024