

SECOND REGULAR SESSION

# SENATE BILL NO. 1089

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR CRAWFORD.

5338S.01I

ADRIANE D. CROUSE, Secretary

## AN ACT

To repeal sections 140.980, 140.981, 140.982, 140.983, 140.985, 140.986, 140.991, 140.1009, and 140.1012, RSMo, and to enact in lieu thereof nine new sections relating to land bank agencies.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 140.980, 140.981, 140.982, 140.983,  
2 140.985, 140.986, 140.991, 140.1009, and 140.1012, RSMo, are  
3 repealed and nine new sections enacted in lieu thereof, to be  
4 known as sections 140.980, 140.981, 140.982, 140.983, 140.985,  
5 140.986, 140.991, 140.1009, and 140.1012, to read as follows:

140.980. 1. Sections 140.980 to 140.1015 shall be  
2 known and may be cited as the "Land Bank Act".

3 2. As used in sections 140.980 to 140.1015, the  
4 following terms mean:

5 (1) "Ancillary parcel", a parcel of real estate  
6 acquired by a land bank agency other than any sale conducted  
7 under section 140.190, 140.240, or 140.250;

8 (2) "Land bank agency", an agency established by a  
9 city **or noncharter county other than a county with more than**  
10 **eighty thousand but fewer than one hundred thousand**  
11 **inhabitants and with a county seat with more than seventy**  
12 **thousand but fewer than eighty thousand inhabitants** under  
13 the authority of section 140.981;

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

(3) "Land taxes", taxes on real property or real estate, including the taxes both on the land and the improvements thereon;

(4) "Political subdivision", any county, city, town, village, school district, library district, or any other public subdivision or public corporation that has the power to tax;

(5) "Reserve period taxes", land taxes assessed against any parcel of real estate sold or otherwise disposed of by a land bank agency for the first three tax years following such sale or disposition;

(6) "Tax bill", real estate taxes and the lien thereof, whether general or special, levied and assessed by any taxing authority;

(7) "Taxing authority", any governmental, managing, administering, or other lawful authority, now or hereafter empowered by law to issue tax bills.

140.981. 1. **(1)** Any [home rule city with more than seventy-one thousand but fewer than seventy-nine thousand inhabitants] **city with more than one thousand five hundred inhabitants** may establish a land bank agency for the management, sale, transfer, and other disposition of interests in real estate owned by such land bank agency.

**(2) Upon request by:**

**(a) Any city with less than one thousand five hundred inhabitants located in a noncharter county other than a county with more than eighty thousand but fewer than one hundred thousand inhabitants and with a county seat with more than seventy thousand but fewer than eighty thousand inhabitants; or**

**(b) Any unincorporated community located in a noncharter county other than a county with more than eighty**

16 **thousand but fewer than one hundred thousand inhabitants and**  
17 **with a county seat with more than seventy thousand but fewer**  
18 **than eighty thousand inhabitants;**

19 **the county commission shall establish a land bank agency for**  
20 **the management, sale, transfer, and other disposition of**  
21 **interests in real estate owned by such land bank agency.**

22 (3) Any [such] land bank agency **established under**  
23 **subdivision (1) or (2) of this subsection** shall be  
24 established to foster the public purpose of returning land,  
25 including land that is in a nonrevenue-generating, nontax-  
26 producing status, to use in private ownership.

27 (4) A city **described under subdivision (1) of this**  
28 **subsection** may, and a county **described under subdivision (2)**  
29 **of this subsection shall,** establish a land bank agency by  
30 ordinance, resolution, or rule, as applicable.

31 2. A land bank agency **established by a city** shall not  
32 own any interest in real estate located wholly or partially  
33 outside the city that established the land bank.

34 3. The beneficiaries of the land bank agency shall be  
35 the taxing authorities that held or owned tax bills against  
36 the respective parcels of real estate acquired by such land  
37 bank agency pursuant to a sale conducted under section  
38 140.190, 140.240, or 140.250, and their respective interests  
39 in each parcel of real estate shall be to the extent and in  
40 proportion to the priorities determined by the court on the  
41 basis that the principal amount of their respective tax  
42 bills bore to the total principal amount of all of the tax  
43 bills described in the judgment.

44 4. A land bank agency created under the land bank act  
45 shall be a public body corporate and politic and shall have  
46 permanent and perpetual duration until terminated and

47 dissolved in accordance with the provisions of section  
48 140.1012.

140.982. The governing body of the city establishing a  
2 land bank agency, [or] the chief administrative officer of  
3 the city establishing a land bank agency, **or the governing**  
4 **body of the county establishing a land bank agency** shall  
5 have the power to organize and reorganize the executive,  
6 administrative, clerical, and other departments of the land  
7 bank agency and to fix the duties, powers, and compensation  
8 of all employees, agents, and consultants of the land bank  
9 agency. A land bank agency may employ a secretary, an  
10 executive director, its own counsel and legal staff,  
11 technical experts, and other agents and employees, permanent  
12 or temporary, as it may require and may determine the  
13 qualifications and fix the compensation and benefits of such  
14 persons. A land bank agency may also enter into contracts  
15 and agreements with political subdivisions for staffing  
16 services to be provided to the land bank agency by political  
17 subdivisions or agencies or departments thereof, or for a  
18 land bank agency to provide such staffing services to  
19 political subdivisions or agencies or departments thereof.

140.983. A land bank agency established under the land  
2 bank act shall have all powers necessary or appropriate to  
3 carry out and effectuate the purposes and provisions of the  
4 land bank act, including the following powers in addition to  
5 those herein otherwise granted:

- 6 (1) To adopt, amend, and repeal bylaws for the  
7 regulation of its affairs and the conduct of its business;
- 8 (2) To sue and be sued, in its own name, and plead and  
9 be impleaded in all civil actions including, but not limited  
10 to, actions to clear title to property of the land bank  
11 agency;

12           (3) To adopt a seal and to alter the same at pleasure;

13           (4) To borrow from private lenders, political  
14 subdivisions, the state, and the federal government as may  
15 be necessary for the operation and work of the land bank  
16 agency;

17           (5) To issue notes and other obligations according to  
18 the provisions of this chapter;

19           (6) To procure insurance or guarantees from political  
20 subdivisions, the state, the federal government, or any  
21 other public or private sources of the payment of any bond,  
22 note, loan, or other obligation, or portion thereof,  
23 incurred by the land bank agency and to pay any fees or  
24 premiums in connection therewith;

25           (7) To enter into contracts and other instruments  
26 necessary, incidental, or convenient to the performance of  
27 its duties and the exercise of its powers including, but not  
28 limited to, agreements with other land bank agencies and  
29 with political subdivisions for the joint exercise of powers  
30 under this chapter;

31           (8) To enter into contracts and other instruments  
32 necessary, incidental, or convenient to:

33           (a) The performance of functions by the land bank  
34 agency on behalf of political subdivisions, or agencies or  
35 departments thereof; or

36           (b) The performance by political subdivisions, or  
37 agencies or departments thereof, of functions on behalf of  
38 the land bank agency;

39           (9) To make and execute contracts and other  
40 instruments necessary or convenient to the exercise of the  
41 powers of the land bank agency. Any contract or instrument  
42 if signed both by the executive director of the land bank  
43 agency and by the secretary, assistant secretary, treasurer,

44 or assistant treasurer of the land bank agency, or by an  
45 authorized facsimile signature of any such positions, shall  
46 be held to have been properly executed for and on its behalf;

47 (10) To procure insurance against losses in connection  
48 with the property, assets, or activities of the land bank  
49 agency;

50 (11) To invest the moneys of the land bank agency,  
51 including amounts deposited in reserve or sinking funds, at  
52 the discretion of the land bank agency in instruments,  
53 obligations, securities, or property determined proper by  
54 the land bank agency and to name and use depositories for  
55 its moneys;

56 (12) To enter into contracts for the management of,  
57 the collection of rent from, or the sale of the property of  
58 the land bank agency;

59 (13) To design, develop, construct, demolish,  
60 reconstruct, rehabilitate, renovate, relocate, equip,  
61 furnish, and otherwise improve real property or rights or  
62 interests in real property held by the land bank agency;

63 (14) To fix, charge, and collect rents, fees, and  
64 charges for the use of the property of the land bank agency  
65 and for services provided by the land bank agency;

66 (15) To acquire property, whether by purchase,  
67 exchange, gift, lease, or otherwise, except not property not  
68 wholly located in the city **or county** that established the  
69 land bank agency; to grant or acquire licenses and  
70 easements; and to sell, lease, grant an option with respect  
71 to, or otherwise dispose of, any property of the land bank  
72 agency;

73 (16) To enter into partnerships, joint ventures, and  
74 other collaborative relationships with political  
75 subdivisions and other public and private entities for the

ownership, management, development, and disposition of real property, except not for property not wholly located in the city that established the land bank agency; and

(17) Subject to the other provisions of this chapter and all other applicable laws, to do all other things necessary or convenient to achieve the objectives and purposes of the land bank agency or other laws that relate to the purposes and responsibility of the land bank agency.

140.985. 1. A land bank agency shall hold in its own name all real property acquired by such land bank agency irrespective of the identity of the transferor of such property.

2. A land bank agency shall maintain and make available for public review and inspection an inventory and history of all real property the land bank agency holds or formerly held. This inventory and history shall be available on the land bank agency's website and include at a minimum:

- (1) Whether a parcel is available for sale;
- (2) The address of the parcel if an address has been assigned;
- (3) The parcel number if no address has been assigned;
- (4) The year that a parcel entered the land bank agency's inventory;
- (5) Whether a parcel has sold; and
- (6) If a parcel has sold, the name of the person or entity to which it was sold.

3. The land bank agency shall determine and set forth in policies and procedures the general terms and conditions for consideration to be received by the land bank agency for the transfer of real property and interests in real property. Consideration may take the form of monetary

25 payments and secured financial obligations, covenants, and  
26 conditions related to the present and future use of the  
27 property; contractual commitments of the transferee; and  
28 such other forms of consideration as the land bank agency  
29 determines to be in the best interest of its purpose.

30 4. A land bank agency may convey, exchange, sell,  
31 transfer, lease, grant, release and demise, pledge, and  
32 hypothecate any and all interests in, upon, or to property  
33 of the land bank agency. A land bank agency may gift any  
34 interest in, upon, or to property to the city that  
35 established the land bank agency.

36 5. A city may, in its resolution or ordinance creating  
37 a land bank agency, establish a hierarchical ranking of  
38 priorities for the use of real property conveyed by such  
39 land bank agency, subject to subsection 7 of this section,  
40 including, but not limited to:

41 (1) Use for purely public spaces and places;

42 (2) Use for affordable housing;

43 (3) Use for retail, commercial, and industrial  
44 activities;

45 (4) Use as wildlife conservation areas; and

46 (5) Such other uses and in such hierarchical order as  
47 determined by such city **or county**.

48 If a city **or county**, in its resolution or ordinance creating  
49 a land bank agency, establishes priorities for the use of  
50 real property conveyed by the land bank agency, such  
51 priorities shall be consistent with and no more restrictive  
52 than municipal **or county** planning and zoning ordinances.

53 6. The land bank agency may delegate to officers and  
54 employees the authority to enter into and execute  
55 agreements, instruments of conveyance, and all other related



56 documents pertaining to the conveyance of property by the  
57 land bank agency.

58         7. A land bank agency shall only accept written offers  
59 equal to or greater than the full amount of all tax bills,  
60 interest, penalties, attorney's fees, and costs on real  
61 property to purchase the real property held by the land bank  
62 agency.

63         8. When any parcel of real estate acquired by a land  
64 bank agency is sold or otherwise disposed of by such land  
65 bank agency, the proceeds therefrom shall be applied and  
66 distributed in the following order:

67             (1) To the payment of the expenses of the sale;

68             (2) To fulfill the requirements of the resolution,  
69 indenture, or other financing documents adopted or entered  
70 into in connection with bonds, notes, or other obligations  
71 of the land bank agency, to the extent that such  
72 requirements may apply with respect to such parcel of real  
73 estate;

74             (3) To the balance to be retained by the land bank  
75 agency to pay the salaries and other expenses of such land  
76 bank agency and of its employees as provided for in its  
77 annual budget; and

78             (4) Any funds in excess of those necessary to meet the  
79 expenses of the annual budget of the land bank agency in any  
80 fiscal year and a reasonable sum to carry over into the next  
81 fiscal year to assure that sufficient funds will be  
82 available to meet initial expenses for that next fiscal  
83 year, exclusive of net profit from the sale of ancillary  
84 parcels, shall be paid to the respective taxing authorities  
85 that, at the time of the distribution, are taxing the real  
86 property from which the proceeds are being distributed. The  
87 distributions shall be in proportion to the amounts of the

88 taxes levied on the properties by the taxing authorities.  
89 Distribution shall be made on January first and July first  
90 of each year, and at such other times as the land bank  
91 agency may determine.

92 9. When any ancillary parcel is sold or otherwise  
93 disposed of by such land bank agency, the proceeds therefrom  
94 shall be applied and distributed in the following order:

95 (1) To the payment of all land taxes and related  
96 charges then due on such parcel;

97 (2) To the payment of the expenses of sale;

98 (3) To fulfill the requirements of the resolution,  
99 indenture, or other financing documents adopted or entered  
100 into in connection with bonds, notes, or other obligations  
101 of the land bank agency, to the extent that such  
102 requirements may apply with respect to such parcel of real  
103 estate;

104 (4) To the balance to be retained by the land bank  
105 agency to pay the salaries and other expenses of such land  
106 bank agency and of its employees as provided for in its  
107 annual budget; and

108 (5) Any funds in excess of those necessary to meet the  
109 expenses of the annual budget of the land bank agency in any  
110 fiscal year, and a reasonable sum to carry over into the  
111 next fiscal year to assure that sufficient funds will be  
112 available to meet initial expenses for that next fiscal  
113 year, shall be paid in accordance with subdivision (4) of  
114 subsection 8 of this section.

115 10. If a land bank agency owns more than five parcels  
116 of real property in a single city block and no written offer  
117 to purchase any of those properties has been submitted to  
118 the agency in the past twelve months, the land bank agency

119 shall reduce its requested price for those properties and  
120 advertise the discount publicly.

140.986. 1. No later than two years from the date it  
2 acquired the property, a land bank agency shall either sell,  
3 put to a productive use, or show significant progress  
4 towards selling or putting to a productive use a parcel of  
5 real property. A productive use may be renting the  
6 property; demolishing all structures of the property;  
7 restoring property of historic value; or using the property  
8 for a community garden, park, or other open public space.

9 2. The governing body of the city **or county** may grant  
10 the land bank agency a one-year extension if the body  
11 determines by a majority vote that unforeseen circumstances  
12 have delayed the sale or productive use of a parcel of  
13 property.

14 3. If a land bank agency owns a parcel of real  
15 property that does not have a productive use after two  
16 years, or does not receive an extension under subsection 2  
17 of this section, the property shall be offered for public  
18 sale using the procedures under sections 140.170 to 140.190.

140.991. 1. There shall be an annual audit of the  
2 affairs, accounts, expenses, and financial transactions of a  
3 land bank agency by a certified public accountant before  
4 April thirtieth of each year, which accountant shall be  
5 employed by the land bank agency on or before March first of  
6 each year. Certified copies of the audit shall be furnished  
7 to the city **or county** that established the land bank agency,  
8 and the city **or county** shall post the audit on its public  
9 website. Copies of the audit shall also be available for  
10 public inspection at the office of the land bank agency.

11 2. The land bank agency may be performance audited at  
12 any time by the state auditor or by the auditor of the city

13 **or county** that established the land bank agency. The cost  
14 of such audit shall be paid by the land bank agency, and  
15 copies shall be made available to the public and posted on  
16 the land bank agency's website within thirty days of the  
17 completion of the audit.

140.1009. 1. A land bank agency shall be authorized  
2 to file an action to quiet title under section 527.150 as to  
3 any real property in which the land bank agency has an  
4 interest. For purposes of any and all such actions, the  
5 land bank agency shall be deemed to be the holder of  
6 sufficient legal and equitable interests, and possessory  
7 rights, so as to qualify the land bank agency as an adequate  
8 petitioner in such action.

9 2. Prior to the filing of an action to quiet title,  
10 the land bank agency shall conduct an examination of title  
11 to determine the identity of any and all persons and  
12 entities possessing a claim or interest in or to the real  
13 property. Service of the petition to quiet title shall be  
14 provided to all such interested parties by the following  
15 methods:

16 (1) Registered or certified mail to such identity and  
17 address as reasonably ascertainable by an inspection of  
18 public records;

19 (2) In the case of occupied real property, by first  
20 class mail addressed to "Occupant";

21 (3) By posting a copy of the notice on the real  
22 property;

23 (4) By publication in a newspaper of general  
24 circulation in the city **or county** in which the property is  
25 located; and

26 (5) Such other methods as the court may order.

27           3. As part of the petition to quiet title, the land  
28 bank agency shall file an affidavit identifying all parties  
29 potentially having an interest in the real property and the  
30 form of notice provided.

31           4. The court shall schedule a hearing on the petition  
32 within ninety days following filing of the petition and, as  
33 to all matters upon which an answer was not filed by an  
34 interested party, the court shall issue its final judgment  
35 within one hundred twenty days of the filing of the petition.

36           5. A land bank agency shall be authorized to join in a  
37 single petition to quiet title one or more parcels of real  
38 property.

140.1012. 1. A land bank agency may be dissolved as a  
2 public body corporate and politic no sooner than sixty  
3 calendar days after an ordinance or resolution for such  
4 dissolution is passed by the city **or county** that established  
5 the land bank agency.

6           2. No less than sixty calendar days' advance written  
7 notice of consideration of such an ordinance or resolution  
8 of dissolution shall be given to the land bank agency, shall  
9 be published in a local newspaper of general circulation  
10 within such city **or county**, and shall be sent certified mail  
11 to each trustee of any outstanding bonds of the land bank  
12 agency.

13           3. No land bank agency shall be dissolved while there  
14 remains any outstanding bonds, notes, or other obligations  
15 of the land bank agency unless such bonds, notes, or other  
16 obligations are paid or defeased pursuant to the resolution,  
17 indenture, or other financing document under which such  
18 bonds, notes, or other obligations were issued prior to or  
19 simultaneously with such dissolution.

20           4. Upon dissolution of a land bank agency pursuant to  
21 this section, all real property, personal property, and  
22 other assets of the land bank agency shall be transferred by  
23 appropriate written instrument to and shall become the  
24 assets of the city **or county** that established the land bank  
25 agency. Such city **or county** shall act expeditiously to  
26 return such real property to the tax rolls and shall market  
27 and sell such real property using an open, public method  
28 that ensures the best possible prices are realized while  
29 ensuring such real property is returned to a suitable,  
30 productive use for the betterment of the neighborhood in  
31 which such real property is located. Any such real property  
32 that was acquired by the dissolved land bank agency pursuant  
33 to a sale conducted under section 140.190, 140.240, or  
34 140.250 shall be held by the city **or county** in trust for the  
35 tax bill owners and taxing authorities having an interest in  
36 any tax liens which were foreclosed, as their interests may  
37 appear in the judgment of foreclosure and, upon the sale or  
38 other disposition of any such property by such city **or**  
39 **county**, the proceeds therefrom shall be applied and  
40 distributed in the following order:

- 41           (1) To the payment of the expenses of sale;  
42           (2) To the reasonable costs incurred by such city **or**  
43 **county** in maintaining and marketing such property; and  
44           (3) The balance shall be paid to the respective taxing  
45 authorities that, at the time of the distribution, are  
46 taxing the real property from which the proceeds are being  
47 distributed.

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