

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0853S.01I
Bill No.: SB 182
Subject: Landlord and Tenant; Liability; Property, Real and Personal
Type: Original
Date: January 8, 2021

Bill Summary: This proposal modifies provisions relating to the removal of a tenant from a commercial property.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Courts Administrator, Department of Commerce and Insurance, and Department of Labor and Industrial Relations** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses that lease or rent commercial property could be impacted by this proposal.

FISCAL DESCRIPTION

This act provides a procedure for a landlord to reenter and take possession of leased commercial premises without a judicial process and court order. Premises covered within the act include real property leased under the terms of a rental agreement for a commercial or business purpose, but does not include real property used for residential or agricultural purposes.

If a tenant is delinquent in rent payments for more than 45 consecutive days, a landlord may place locks on the premises if an initial notice of default has been provided to the tenant at least 30 days prior to the landlord reentering the premises. A second notice shall be provided 15 days before reentry and shall include a statement regarding the late rent and the landlord's ability to place locks on the premises unless the tenant pays the rent within 10 days of the second notice.

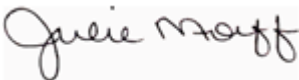
If the rent remains unpaid 10 days after the second notice, the landlord shall place locks on the premises until the tenant pays all rent and all contractual late fees. Upon receipt, the landlord shall immediately remove the locks.

If the tenant fails to make timely rent payments due to alleged failures of the landlord's contractual obligations and the landlord provides notices pursuant to this act, the tenant may place the outstanding rent into an escrow account for the benefit of the landlord. The tenant may withhold the release of such rent from the escrow account until the landlord's obligations are satisfied or until the landlord obtains a court order to release the rent. The notices and the landlord's rights shall be suspended until the landlord's obligations are met. A tenant's failure to place all rent into an escrow account shall render these provisions null and void.

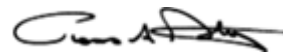
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Courts Administrator
Department of Commerce and Insurance
Department of Labor and Industrial Relations



Julie Morff
Director
January 8, 2021



Ross Strobe
Assistant Director
January 8, 2021