

February 15, 2023

The Honorable Mike Thompson, Chairperson
Senate Committee on Federal and State Affairs
300 SW 10th Avenue, Room 144-S
Topeka, Kansas 66612

Dear Senator Thompson:

SUBJECT: Fiscal Note for SB 77 by Senate Committee on Federal and State Affairs

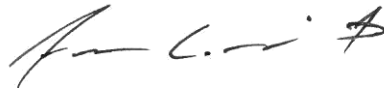
In accordance with KSA 75-3715a, the following fiscal note concerning SB 77 is respectfully submitted to your committee.

Under SB 77, if the Kansas Human Rights Commission, a city, or a county determines that an inactive homeowners' association's restrictive covenant violates discrimination laws, then the Commission, city, or county could upon adoption of a resolution by the governing body of that entity correct or remove the restrictive covenant by recording a redacted plat or declaration that deletes the violating restrictive covenants without change or modification to the remainder of the plat or declaration. No signature or other consent of the property owner affected by the recording would be required to record any redaction of a plat or declaration. Any redaction to a plat or declaration recorded would not affect the validity of a property interest recorded within the original or redacted plat. The Commission, city, or county would not incur any liability arising from recording any redacted plat or declaration. There would no fee charged for any recording, and the recording would be exempt from survey requirements.

The Kansas Human Rights Commission states enactment of SB 77 would likely increase expenses for time and effort to research inactive homeowners' associations and associated plats and declarations, as well as charges to research documents filed with the Register of Deeds. The Commission would also incur costs including communicating with impacted property owners, making redactions, and drafting and facilitating necessary resolutions. The Commission is unable to estimate the number of requests it would receive to perform duties under the bill; and therefore, is unable to estimate what the fiscal effect would be. Any fiscal effect associated with SB 77 is not reflected in *The FY 2024 Governor's Budget Report*.

The Kansas Association indicates because a correction or removal of a restrictive covenant is optional under SB 77, the fiscal effect would be limited to those who choose to remove the restrictive covenant. The Association indicates the restrictive covenant would likely be corrected or removed during a transfer of title and would have a negligible fiscal effect on counties. The League of Kansas Municipalities indicates the bill could have a negligible fiscal effect on cities.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Ruth Glover, Human Rights Commission
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities