

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4392-02
BILL NO.: SB 990
SUBJECT: Property, Real and Personal: Land Use
TYPE: Original
DATE: February 28, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
All State Funds	(\$0 to unknown)	(\$0 to unknown)	(\$0 to unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Administration** noted that the proposal would not directly affect their agency. Officials of the **State Tax Commission** and the **University of Missouri** indicated that the proposal would not affect their agencies.

Officials of the **Department of Transportation** noted that the proposal could potentially add costs to the Department both to prepare for suits in cases where there is a disagreement over the value of property and to pay property owners when it has been determined that a “taking” has occurred. They note that, arguably, outdoor advertising, junkyard control and scenic byways might be considered “takings”.

Officials of the **Department of Natural Resources** noted that their agency must follow rulemaking procedures under terms of Chapter 536, RSMo, in order to implement statutes requiring the Department to protect the public health and environment. They assume that the laws they administer and the public nature of rulemaking would make their activities exempt under terms of proposed subsection 523.013.4 of the proposal. They also assume that they would not reverse any regulatory program which was determined to be a taking if the program is in response to federal requirements.

Officials from the **Office of the Attorney General** noted that there could be additional costs to their agency for cases in which there is a dispute between a state agency and a property owner over the value of the property. They can not predict the number of cases which might occur.

Officials of the **City of Kansas City** note that the City has several programs which they believe would be considered “takings” under the definition in this proposal. They feel they could not make zoning changes without first determining and quantifying the effect of the change on each piece of property in the area affected by each proposed zoning change. Appraisal costs vary, but using an average cost of \$1,000 per appraisal, 100 zoning changes per year (a low figure by historical standards) and an average of 10 tracts affected per zoning change, then the cost for Kansas City in order to meet the requirements of this proposal (and even this procedure would not guarantee there would be no lawsuits because appraising is not an exact activity) would be \$1,000,000 per year.

Oversight assumes that the proposal could affect state agencies and political subdivisions in two ways: 1) costs to prepare for suits when the value of property is in question, and 2) costs to pay landowners for “taking” of property. Oversight has no basis for determining the number of suits, the outcome of suits, or the amount of compensation which might be paid.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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VARIOUS STATE FUNDS

<u>Costs</u> - Preparation for suits and compensation of land owners	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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POLITICAL SUBDIVISIONS

<u>Costs</u> - Preparation for suits and compensation of land owners	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)
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FISCAL IMPACT - Small Business

Small businesses which own property which might be "taken" as defined in this proposal could be affected by provisions of this proposal.

DESCRIPTION

This proposal would allow property owners to seek compensation from the State, City or County for regulatory takings. "Regulatory taking" would occur when a regulation imposed by the State, City or County causes a decline in the fair market value of the property by at least 20%. The State, City or County would pay property owners the difference in the fair market value before and after imposition of the regulation.

Disagreements between property owners and governmental entities over declines in fair market value would be resolved in courts of jurisdiction in counties containing the property.

The proposal would allow government entities to remove or ease regulations if an entity is unwilling or cannot pay the compensation due.

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

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SOURCES OF INFORMATION

Office of Administration - Division of Design and Construction
Department of Natural Resources
Department of Transportation
State Tax Commission
Office of Attorney General
University of Missouri
City of Kansas City

NOT RESPONDING

Department of Conservation
Department of Corrections
City of St. Louis



Jeanne Jarrett, CPA
Director
February 28, 2000