

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3512H.02P
 Bill No.: Perfected HCS for HB 1597
 Subject: Property, Real And Personal; Easements and Conveyances
 Type: Original
 Date: March 31, 2022

Bill Summary: This proposal authorizes the conveyance of certain state property.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	Unknown or (Unknown)	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	Unknown or (Unknown)	\$0 or Unknown	\$0 or Unknown

*Oversight will assume a fiscal impact of less than \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
State Parks Earnings Fund (0415)**	More than (\$7,000) to Unknown	\$0	\$0
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

**Oversight has reflected a potential fiscal impact to the state of the sale proceeds of the parcels versus the purchase cost (some portion of the approximately \$8 million spent to purchase the entire park).

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Property in Kirksville/Adair County

Officials from the **Office of Administration, Division of Facilities Management, Design and Construction** state they do not make public the appraisal values for property that may be sold or conveyed because public knowledge of such information may hinder the State's ability to gain the best value for the property. Additionally, since the terms of conveyances are yet to be determined, the fiscal impact, if any, cannot be calculated. Therefore, the fiscal impact is \$0 to unknown.

Officials from the **Office of the Governor, the Department of Public Safety – Missouri National Guard (MNG)** and the **Attorney General's Office** each assume the proposal would not fiscally impact their respective offices.

Officials from the City of Kirksville did not respond to our request for fiscal impact.

As this parcel appears to be material in size (square city block contained by West Scott Street, West Fillmore Street, South Main Street and South Elson Street; which currently contains the Missouri National Guard Armory building), **Oversight** will reflect the transaction of the conveyance of state property in Adair County to the Kirksville R-III school district as 1) a loss of the value of the state property, 2) the proceeds (if any) of the sale/conveyance, and 3) the annual savings (if any) to the state no longer maintaining the property. Oversight will assume a fiscal impact of less than \$250,000.

Property in Iron County (HA 2) (Section 3)

Officials from the **Department of Natural Resources, the Office of the Governor** and the **Missouri Department of Transportation** each assume the proposal will not fiscally impact their respective agencies.

In response to a similar proposal from 2022 (HB 1478), officials from the **Office of Administration** and the **Attorney General's Office** each assumed the proposal would not fiscally impact their respective agencies.

Oversight notes this proposal conveys small parcels of land from the Department of Natural Resources (DNR) to the Missouri Department of Transportation (MoDOT) for \$1 or less. Oversight assumes the fiscal impact of these transactions between DNR and MoDOT are not material and therefore we will not reflect a fiscal impact from these conveyances.

Property in Oregon County (Eleven Points State Park) HA 3 (Sections 4 & 5)

In response to a similar proposal from 2022 (HCS for HB Nos. 1972 & 2483), officials from the **Department of Natural Resources (DNR)** stated this bill would authorize the Department of Natural Resources to sell property in Oregon County known as Eleven Point State Park. The bill requires the Commissioner of Administration to set terms and conditions of the property transfer and the Attorney General to approve the form of the instrument of the conveyance. The property is titled to the Department of Natural Resources, so it is unclear why the bill requires approval of the terms of the conveyance by the Office of Administration rather than the Department.

Pursuant to financial agreements with the U.S. Department of Interior (“DOI”), any proceeds from the sale of the properties that were originally acquired through the use of natural resource damage funds must be returned to the DOI Restoration Account to be used by the DOI and the Department as co-trustees to fulfill the restoration objectives of the CERCLA and the ASARCO LLC Settlement Agreement. The Department is unable to determine the amount of any potential proceeds if a sale is to occur.

Additionally, there is the possibility that a proposed conveyance could face legal challenge because the deeds contain clauses requiring the property to remain dedicated to public use as a state park. Defense of such litigation would be handled by the Attorney General’s Office but a prevailing party could recover attorneys’ fees and costs from the Legal Expense Fund. It is not possible to estimate the likelihood or the amount of any such cost at this time.

DNR has made five years of \$4,803 payments in lieu of taxes (PILTs) to Oregon County in accordance with Article IV Section 48(a) of the Missouri Constitution.

Oversight notes, upon previous inquiry, DNR stated the cost of all the properties in the 4,127 acre park included:

Buildings for Babies (purchase price)	\$4,730,000
Buildings for Babies - settlement costs	\$18,956
Frederick Creek Ranch (purchase price)	\$3,273,327; and
Frederick Creek Range - settlement costs	<u>\$11,748</u>
TOTAL	\$8,034,032

Oversight assumes this proposal only conveys a portion of the park in Oregon County. According to a circuit court decision, DNR must sell 625 acres of land along the Eleven Point River. **Oversight** will reflect an unknown amount of sale proceeds and an offsetting fair market value of the 625 acres to be sold. Oversight will show both the loss of the property and the proceeds of the sale to the State Parks Earnings Fund (0415) in FY 2023.

Oversight also notes, upon further inquiry, DNR would be required to obtain an updated real estate appraisal if DNR were to sell the property; however, this proposal only authorizes DNR to sell the property. Therefore, Oversight will reflect a “\$0 or more than \$7,000” potential cost to DNR for the appraisal (estimate of \$7,000 based on DNR’s response to a similar proposal from 2021 (HB 1046)).

Officials from the **Missouri Department of Transportation** and the **Office of the Governor** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from 2022 (HCS for HB Nos. 1972 & 2483), officials from the **Office of Administration** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal from 2021 (HB 1046), officials from the **Attorney General’s Office** assumed the proposal would have no fiscal impact on their organization.

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

In response to a similar proposal from 2020 (HB 2535), officials from **Oregon County** stated DNR paid \$4,803 in property taxes on these parcels in 2019. Oregon County also stated DNR has agreed to pay property taxes on the parcels for 5 years. Since DNR has paid four of five PILT installments, Oversight will assume DNR will not realize a savings (of not having to pay PILTs in the future if the property is no longer owned by the state) in the fiscal note. However, Oregon County could see a continuation or perhaps an increase in property tax revenues depending upon who purchases the parcels.

Oversight notes DNR has now paid the property taxes on the parcels for five years.

Property in Pike County (HA 4) (Section 6)

In response to a similar proposal from 2022 (SB 1112), officials from the **Office of Administration, Division of Facilities Management, Design and Construction (OA)** stated they do not make public the appraisal values for property that may be sold or conveyed because public knowledge of such information may hinder the State’s ability to gain the best value for the property. Additionally, since the terms of conveyances are yet to be determined, the fiscal impact, if any, cannot be calculated. Therefore, the fiscal impact is \$0 to unknown.

Officials from the **Missouri Department of Transportation** and **Office of the Governor** 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 a similar proposal from 2021 (HB 731), officials from the **Attorney General's Office** assumed the proposal would 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 notes this proposal conveys a parcel of property of land from the state to the Missouri Department of Transportation (MoDOT) for \$1 or less (for land containing 1 8/10 acres more or less). Oversight assumes the fiscal impacts of this transaction to OA and MoDOT are not material and therefore we will not reflect a fiscal impact from this conveyance.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
<u>Sale Proceeds</u> – conveyance proceeds of properties (if any)	\$0 or Unknown	\$0	\$0
<u>Property value</u> – loss of FMV of properties	(Unknown)	\$0	\$0
<u>Savings</u> – for annual maintenance / upkeep of properties	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>Unknown or (Unknown)</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<u>FISCAL IMPACT – State Government (continued)</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
STATE PARKS EARNINGS FUND (0145)			
<u>Sale Proceeds</u> - sale of part of property contained in the Eleven Point State Park (HA 3)	Unknown	\$0	\$0
<u>FMV of Property sold</u> - assumed fair market value of portion of Eleven Point State Park to be sold (HA 3)	(Unknown)	\$0	\$0
<u>Cost</u> - DNR - Real Estate Appraisal (HA 3)	\$0 or (More than \$7,000)	\$0	\$0

ESTIMATED NET EFFECT TO THE STATE PARKS EARNINGS FUND (0415)	More than (\$7,000) to <u>Unknown</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
KIRKSVILLE R-III SCHOOL DISTRICT			
<u>Cost -</u> of acquiring the property from the state	<u>\$0 or (Unknown)</u>	\$0	\$0
<u>Property increase –</u> acquired property’s value	<u>Unknown</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO KIRKSVILLE R-III SCHOOL DISTRICT	<u>Unknown or (Unknown)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT – Local Government (continued)</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
OREGON COUNTY			
<u>Income -</u> potential additional income if private entity(s) purchase the parcels and continues to pay property tax (HA 3)	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT TO OREGON COUNTY	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

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

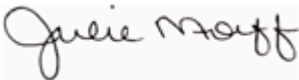
FISCAL DESCRIPTION

This proposal authorizes the conveyance of certain state property.


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

Attorney General's Office
Office of Administration
Office of the Governor
Department of Public Safety – National Guard
Department of Natural Resources
Missouri Department of Transportation
Oregon County



Julie Morff
Director
March 31, 2022



Ross Strobe
Assistant Director
March 31, 2022