

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3626H.09C
Bill No.: HCS for HB 1876
Subject: Eminent Domain and Condemnation; Utilities
Type: Original
Date: February 15, 2022

Bill Summary: This proposal modifies provisions for eminent domain for utility purposes.

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
State Road Fund* (0320)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

***Oversight** assumes a 50% increase in cost to acquire right-of-way land could result in a fiscal impact to MoDOT of more than \$250,000.

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.

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	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 393.170-523.262 - Compensation for Agricultural and Horticultural Land

Oversight assumes this proposal adds fair market value specifications in condemnation proceedings for agricultural and horticultural land.

Officials from the **Missouri Department of Transportation (MODOT)** state this legislation would likely cause several properties that would not be subject to homestead or heritage value to still receive 150% of the value they would have received prior to this legislation. A large percentage of rural district development will require acquisition of property that will qualify as "agricultural or horticultural land" and that will result in the Commission being required to pay an additional 50% of the costs they would have previously had to pay.

MoDOT assumes a potential Unknown negative fiscal impact to MoDOT/MHTC, specifically the State Road Fund.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a potential unknown fiscal impact to the State Road Fund, depending on condemnation proceedings. Oversight assumes a fiscal impact that could exceed the \$250,000 threshold.

Officials from the **Department of Commerce and Insurance**, the **Attorney General's Office**, the **Department of Natural Resources**, the **Missouri Department of Conservation** and the **Missouri Department of Transportation** each assume the proposal would 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 previous version, officials from the **Office of Administration** and the **Hancock Street Light District** each assumed 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 last year (HB 527), officials from the **Cass County Pwsd**, the **Corder Water/Wastewater District**, the **Festus Water Department**, the **Glasgow Village Sld**, the **High Point Elementary School District**, the **Hughesville Water/Wastewater District**, the **Lexington Water/Wastewater District**, the **Little Blue Valley Sewer District**, the **Schell City Water Department**, the **South River Drainage District** and the **Tri County Water Authority** each assumed 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other utilities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Oversight assumes this proposal could impact the Grain Belt Express project in northern Missouri. According to a report by the Public Service Commission (File No. EM-2019-0150), the Grain Belt Express Project line is “sited to traverse Buchanan, Clinton Caldwell, Carroll, Chariton, Randolph, Monroe and Ralls Counties, Missouri. The Grain Belt Express Project covers approximately 780 miles, and the project will primarily use a pole design which has a smaller footprint than traditional alternating current transmission lines. The structures will occupy ten acres for the entire state of Missouri.” The Joint Application of Invenergy Transmission LLC, Invenergy Investment Company LLC, Grain Belt Express Clean Line LLC and Grain Belt Express Holding LLC for an Order Approving the Acquisition by Invenergy Transmission LLC of Grain Belt Express Clean Line LLC was approved by the PSC effective June 30, 2019.

Oversight notes that while there may be no direct impact to the state or local governments as a result of this proposal, modifying provisions relating to the power of eminent domain for utility purposes could have a large indirect impact on current and future utility projects.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
STATE ROAD FUND (0320)			
<u>Cost – MoDOT Fair Market Value Compensation Increase \$523.039 p.3</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT TO THE STATE ROAD FUND	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small utility businesses and/or small businesses that are impacted by eminent domain could be impacted by this proposal.

FISCAL DESCRIPTION

This bill specifies that, before the Public Service Commission (PSC) issues an approval for the construction of certain utility infrastructure, the utility corporation must provide the PSC with a resolution of support passed by the county commission in each county through which the merchant line will operate.

The bill also specifies that in condemnation proceedings, just compensation for agricultural or horticultural land shall begin with 150% of fair market value for the most productive category of land and decrease by 5% for each category thereafter. In a condemnation proceeding for agricultural or horticultural land in which a court appoints three disinterested commissioners, the commissioners must be a county commissioner, a farmer who has been farming in the county for at least 10 years, and a state licensed or state-certified appraiser.

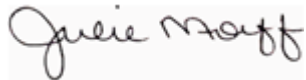
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

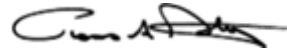
Department of Commerce and Insurance
Department of Natural Resources
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Hughesville Water/Wastewater District
Lexington Water/Wastewater District
Little Blue Valley Sewer District
Schell City Water Department
South River Drainage District
Tri County Water Authority



Julie Morff
Director
February 15, 2022



Ross Strobe
Assistant Director
February 15, 2022