

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4217H.04C
 Bill No.: HCS for HB Nos. 1972 & 2483
 Subject: Easements and Conveyances; Department of Natural Resources
 Type: Original
 Date: February 15, 2022

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

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 Parks Earnings Fund (0415)*	More than (\$7,000) to Unknown	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	More than (\$7,000) to Unknown	\$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

Officials from the **Department of Natural Resources (DNR)** state 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 **Office of Administration** each assume the proposal will have no fiscal impact on their respective organizations.

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.

<u>FISCAL IMPACT – State Government</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	Unknown	\$0	\$0
<u>FMV of Property sold</u> - assumed fair market value of portion of Eleven Point State Park to be sold	(Unknown)	\$0	\$0
<u>Cost</u> - DNR - Real Estate Appraisal	\$0 or (More than \$7,000)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE STATE PARKS EARNINGS FUND (0415)	More than (\$7,000) to <u>Unknown</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</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	<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

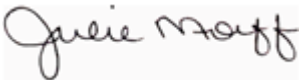
This bill authorizes the Department of Natural Resources to sell specified property that is currently subject to a federal easement under 16 U.S.C. 23 Section 1274(a)(2) which is a type of scenic easement for rivers.

The Commissioner of Administration shall set terms and the Attorney General shall approve the instrument of conveyance.

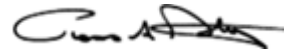
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Missouri Department of Transportation
Office of Administration
Attorney General's Office
County of Oregon



Julie Morff
Director
February 15, 2022



Ross Strobe
Assistant Director
February 15, 2022