

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5785-03
Bill No.: SCS for HCS for HB 2187
Subject: Natural Resources, Department of; Property, Real and Personal.
Type: Original
Date: April 15, 2016

Bill Summary: This proposal requires the Department of Natural Resources and any other state department to sell certain property located in Oregon County.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Department of Natural Resources Fixed Asset Accounts	(\$8,000,000)	\$0	\$0
Land Reclamation Legal Settlement Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	(\$8,000,000)	\$0	\$0

*Revenue and Costs Net to Zero
 Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0 or Unknown	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Natural Resources (DNR)** state their Division of State Park's (DSP) acquired approximately 4,167 acres in Oregon County on January 15, 2016. Visitors are estimated at 58,000 per year. If the state is forced to sell, DNR will need to send sale proceeds to the federal treasury settlement account.

Neither State nor Federal funds held in the State Treasury were used to purchase this property.

§ 444.1000 of this proposal does not appear to add any additional duties to the DNR; therefore, no direct fiscal impact from this provision would be anticipated.

§ 444.1000.2 would create the Land Reclamation Legal Settlement Fund which the proposal states would consist of monies derived from the Department of Natural Resources' sale of land located in Oregon County. However, in the Notice of Financial Agreement document, there is a clause that states that "if the Department is forced to sell or transfer the Property in violation of this obligation, the net proceeds of such sale or transfer will be remitted to the U.S. Department of the Interior ("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."

Oversight notes the recent purchase by DNR is the result of a 2007 settlement in which ASARCO agreed to pay Missouri for environmental damages in Missouri's lead mining counties. DNR and the U.S. Fish and Wildlife Service are acting as trustees for the settlement proceeds.

Oversight notes that § 444.1000.1 states there is hereby created the "Land Reclamation Legal Settlement Commission" (Commission), which shall be composed of four members; the chair of the Southeast Missouri Regional Planning Commission, the vice chair of the Southeast Missouri Regional Planning Commission, the chair of the Ozark Foothills Regional Planning Commission, and the chair of the Meramec Regional Planning Commission. The purpose of the Commission will be to develop and implement a plan for primary restoration projects for areas affected.

Also, Oversight notes that § 444.1000.2 states there is hereby created "Land Reclamation Legal Settlement Fund" (Fund) for which proceeds from the sale of land in Oregon County will be deposited in the Fund and the monies will be used for the restoration projects.

And § 640.780.1 states if there is no purchaser, the property shall revert to the ownership of the county government.

ASSUMPTION (continued)

Oversight notes that it must prepare the fiscal note on the proposal as written. The proposal does not consider the possibility that the proceeds (if any) from the sale of lands in Oregon County will revert to the United States Department of Interior Restoration Account.

Therefore **Oversight**, for fiscal note purposes, must show proceeds of any land sales will be deposited into the Land Reclamation Legal Settlement Fund. If the land is not sold ownership of the land reverts back to the Oregon County. DNR purchased the land for approximately \$8,000,000. Oversight will show a loss of \$8,000,000 to DNR's fixed asset account.

Oversight will show \$0 to Unknown impact to the Land Reclamation Legal Settlement Fund with \$0 representing no purchaser and ownership of the land in Oregon County reverts back to the county government and Unknown reflects the proceeds from the sale of the property which will be offset by the unknown cost of restoration projects in FY17, FY 18 and FY 19 (and indefinitely until moneys in the Fund are exhausted).

Officials at the **Department of Transportation (MoDOT)** assume this proposal could have a negative fiscal impact on their organization.

§640.780, paragraph 3 is written to include a deed restriction on property conveyed that would require the property to "never be sold to, leased, or otherwise controlled by a state or federal agency". This restriction would hinder our ability to acquire land for future road improvement projects if the suggested deed restriction were in place.

If this legislation were to pass and we make an assumption that there is one project in each of the five counties that because of the deed restriction would require us to relocate a route 1 mile, in order to perform the improvements, it would result in a \$5 million dollar fiscal impact. One mile of road is estimated to cost \$1 million.

Oversight verified with MoDOT that there are no current road plans that would be impacted by this proposal and that their response reflects a potential impact if future road plans are impacted. Therefore, Oversight will assume the proposal will not have a direct fiscal impact on MoDOT within the scope of the fiscal note.

Officials at the **Office of Administration - Budget and Planning (BAP)** assume this proposal would not have an impact on their organization but defers to other agencies regarding its impact on their respective organizations.

ASSUMPTION (continued)

Officials at **BAP** notes that if proceeds from land sales required by the legislation are deposited into the state treasury, such proceeds would increase Total State Revenue.

Officials at the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources. AGO may seek additional appropriations if the proposal results in a significant increase in cases.

Officials at the **Department of Economic Development** defer to the Office of Administration to make an assumption about the fiscal impact of this proposal.

In response to a previous version, officials at **Department of Mental Health** and **Department of Social Services** each deferred to Office of Administration.

Officials at the **Ozark County** responded but did not state whether or not this proposal would have a fiscal impact on their organization.

Officials at the **St. Louis County** assume this proposal will not have a fiscal impact on their organization.

Oversight will not show an impact to local political subdivisions in Oregon County, either increase property tax with the state no longer holding an interest in land, or a potential loss of tourism-related revenue as mentioned by DNR. Oversight considers these indirect impacts.

Oversight will show a \$0 or unknown positive impact in FY17 to local government. The unknown represents no purchaser for the land in Oregon County and ownership reverts back to the County. Oversight will not assign a dollar value to the land because value of land is usually based on market value and if it does not sell the market value will be unknown. If the land sells, there would be a \$0 impact to the County.

Officials at the **Department of Agriculture**, the **Office of Secretary of State**, the **Department of Conservation**, the **Joint Committee on Administrative Rules**, the **Missouri House of Representatives**, the **Missouri Senate**, the **Office of Administration - Facilities Management, Design and Construction**, the **State Treasurer's Office** each assume this proposal would not have a fiscal impact on their respective organizations.

In response to a previous version, officials at the **State Auditor's Office**, the **Department of Corrections**, the **Department of Elementary and Secondary Education**, the **Department of Public Safety - Gaming Commission**, the **Governor's Office**, the **Department of Health and Senior Services**, the **Department of Higher Education**, the **Department of Insurance**,

ASSUMPTION (continued)

Financial Institutions and Professional Registration, the Joint Committee on Public Employee Retirement, the Lieutenant Governor’s Office, the Department of Labor and Industrial Relations, the Legislative Research, the Lottery Commission, the Missouri Ethics Commission, the Missouri Consolidated Health Care Plan, the Missouri State Employees’ Retirement System, the Office of Prosecution Services, the State Public Defender’s Office, the Office of Administration - Administrative Hearing Commission, the Department of Public Safety - Capitol Police, the Department of Public Safety - Fire Safety Division, the Department of Public Safety - Highway Patrol, the Department of Public Safety - State Emergency Management Agency, the Department of Public Safety - Veterans Commission, the Department of Revenue, the Office of State Courts Administrator, the State Highway Employees Retirement System, and the State Tax Commission each assume this proposal would not have a fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2017	FY 2018	FY 2019
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DEPARTMENT OF NATURAL RESOURCES FIXED ASSETS

<u>Loss - Land in Oregon County</u>	<u>(\$8,000,000)</u>	<u>\$0</u>	<u>\$0</u>
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NET EFFECT ON DEPARTMENT OF NATURAL RESOURCES FIXED ASSETS

	<u>(\$8,000,000)</u>	<u>\$0</u>	<u>\$0</u>
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LAND RECLAMATION LEGAL SETTLEMENT FUND

<u>Revenue - Net Revenue from Sale of Land in Oregon County less cost for Restoration Projects</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Costs - Restoration Projects for Affected Areas</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	<u>\$0 to (Unknown)</u>
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NET EFFECT ON LAND RECLAMATION LEGAL SETTLEMENT FUND

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017	FY 2018	FY 2019
LOCAL COUNTY GOVERNMENT			
<u>Land</u> - Ownership May Revert to County	<u>\$0 or Unknown</u>	<u>\$0</u>	<u>\$0</u>
NET EFFECT ON LOCAL COUNTY GOVERNMENT	<u>\$0 or Unknown</u>	<u>\$0</u>	<u>\$0</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 requires the Department of Natural Resources and all other state departments, agencies, or entities to sell at public auction any property interest to land in Oregon County purchased on or before August 28, 2016 through legal settlement funds administered by the Department of Natural Resources. If there is no purchaser, the property will revert to the ownership of Oregon county government. Any condition, restrictions, dedication, covenant, or other encumbrance conveyed with the property is null and void and a new covenant appurtenant is included in the land conveyance stating that the land can not be sold to, leased, or otherwise controlled by a state or federal agency. The substitute also specifies how the proceeds of the sale must be used.

After August 28, 2016, the bill also prohibits the department and all other state departments, agencies, or entities from purchasing property interest in Oregon County. Any taxpayer in the state has standing to enforce these requirements and will be entitled to reasonable attorney's fees.

This section expires on August 28, 2017.

This bill contains a severability clause.

This bill contains an emergency clause.

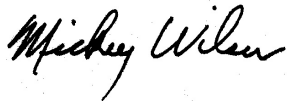
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Office of Administration - Facilities Management, Design and Construction
Office of Administration - Budget and Planning
Department of Economic Development
Office of Attorney General
Department of Conservation
Missouri House of Representatives
Joint Committee on Administrative Rules
Department of Transportation
Office of Secretary of State
Missouri Senate
State Treasurer's Office
Ozark County
St. Louis County
Department of Agriculture
State Auditor's Office
Department of Corrections
Department of Elementary and Secondary Education
Department of Public Safety - Gaming Commission
Governor's Office
Department of Health and Senior Services
Department of Higher Education
Department of Insurance, Financial Institutions, and Professional Registration
Joint Committee on Public Employee Retirement
Legislative Research
Lieutenant Governor's Office
Department of Labor and Industrial Relations
Lottery Commission
Missouri Ethics Commission
Missouri Consolidated Health Care Plan
Department of Mental Health
State Highway Employees Retirement System
Missouri State Employees' Retirement System
Office of Prosecution Services
State Public Defender's Office
Office of Administration - Administrative Hearing Commission
Department of Public Safety - Capitol Police
Department of Public Safety - Fire Safety Division
Department of Public Safety - Highway Patrol

SOURCES OF INFORMATION (continued)

Department of Public Safety - State Emergency Management Agency
Department of Public Safety - Veterans Commission
Department of Revenue
Department of Social Services
Office of State Courts Administrator
State Tax Commission



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