

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2478-01
Bill No.: Perfected HB 1237
Subject: Property, Real and Personal; General Assembly
Type: Original
Date: April 18, 2019

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

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-----------------------------|-----------------------------|-----------------------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| General Revenue Fund | (Unknown) to Unknown | (Unknown) to Unknown | (Unknown) to Unknown |
| Total Estimated Net Effect on General Revenue | (Unknown) to Unknown | (Unknown) to Unknown | (Unknown) to Unknown |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|--|------------------------------------|------------------------------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| Highway Funds * | \$0 or Unknown | \$0 or Unknown | \$0 or Unknown |
| State Parks Earnings Fund (0145) | (\$7,000) | \$0 | \$0 |
| Legal Expense Fund (0692) | \$0 to (Unknown) | \$0 to (Unknown) | \$0 to (Unknown) |
| Total Estimated Net Effect on Other State Funds | Could be more than (\$7,000) or Unknown | \$0 or (Unknown) to Unknown | \$0 or (Unknown) to Unknown |

* Offsetting impacts - parcel would be conveyed from the state (OA) to the State Highways and Transportation Commission (MoDOT) for \$1

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|--|----------|----------|----------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| 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 2020 | FY 2021 | FY 2022 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (OA)** state that since it is not yet determined what terms the conveyance would be under or whether it will be conveyed we cannot assume what the impact would be. The fiscal impact as a result of this proposal is \$0 to either positive unknown or negative unknown, depending on the terms of the conveyance.

Oversight notes that according to OA, the property mentioned in the proposal is a pumping station located in Kansas. The State of Missouri does not technically have a deed to the property, but has “interest” in the pumping station that may transfer to an individual owner.

Oversight also notes that the size, value, uses and estimated cost to maintain the property is unknown. The OA has stated the proposal could have a negative unknown impact or positive unknown impact, depending on the terms of the conveyance in this proposal. Oversight does not have any information to the contrary. Therefore, Oversight will reflect an Unknown to (Unknown) fiscal impact to the General Revenue Fund.

In response to a previous version, officials from the **Office of the Governor** assumed this section authorizes and empowers the Governor to sell, transfer, grant, convey, remise, release, and forever quitclaim all interest of the state of Missouri in certain property located in the City of Rolla, Phelps County, Missouri, to Edgewood Investments; certain property located in the City of Kirksville, Adair County, Missouri; certain property located in Macon County, Missouri; certain property located in the City of Fulton, Callaway County, Missouri; certain property located in the City of St. Louis, Missouri; and certain property located in the City of Kansas City.

There should be no added cost to the Governor's Office as a result of this measure.

Oversight notes that the above mentioned agency has 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 the Office of the Governor.

Officials from the **Department of Natural Resources**, the **Department of Transportation** and the **Attorney General's Office** each assume the proposal will 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 these agencies.

ASSUMPTION (continued)

Officials from the **City of Rolla** and **Phelps County** did not respond to our request for fiscal impact.

House Amendment 1

Officials from the **Department of Corrections** assume this legislation states, "Section 7.1. The governor is hereby authorized and empowered to sell, transfer, grant, or convey an easement over, on, or under property located in Cole County, Missouri, to the Heartland Port Authority of Central Missouri." The property in question is the main access road leading to both the Jefferson City Correctional Center and Algoa Correctional Center.

The impact of this legislation is unknown at this time. The department's response assumes that only an easement can be sold, transferred, granted, or conveyed, that the property in question will remain state property, and that the department will continue to have unrestricted access to use the property. The unknown impact is due to the possibility that the port authority could assume some portion of the maintenance costs for the road.

Oversight notes that officials from the Office of Administration have stated that House Amendment 1's description and coordinates have been corrected from HB 813 (coordinates on page 1, line 13, N8r37'1611W, were incorrect in HB 813. OA has indicated the proper format should be N87°37'16"W, which is written in House Amendment 1). Oversight does have any way to verify which coordinate is correct. Therefore, Oversight assumes the property which may be conveyed maintains unrestricted access to the Jefferson City Correctional Center and Algoa Correctional Center.

House Amendment 2

Officials from the **Department of Corrections** assumes this bill transfers the Moberly Correctional Center lagoon property, which is the department's only waste water treatment system for Moberly Correctional Center. The impact of this amendment is unknown. The department assumes that any financial terms of the conveyance would be negotiated with the recipient of the property prior to any conveyance occurring.

Oversight notes that the DOC has stated the proposal could have a negative unknown impact, depending on the terms of the conveyance in this proposal. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a \$0 to (Unknown) fiscal impact to the General Revenue Fund as a result of this amendment.

Oversight also notes that the size, value, uses and estimated cost to maintain the properties described in this proposal is unknown.

ASSUMPTION (continued)

The OA has stated the proposal could have a negative unknown impact or positive unknown impact, depending on the terms of the conveyance in this proposal. Oversight does not have any information to the contrary. Therefore, Oversight will reflect an Unknown to (Unknown) fiscal impact to the General Revenue Fund (assuming the value of the parcels described in Pike County and Iron County in the proposal are more than \$1, and an offsetting potential positive fiscal impact to Highways and Transportation Commission for receiving a parcel for consideration of \$1.

House Amendment 3

Officials from the **Department of Natural Resources (DNR)** assume this bill would require the DNR to sell property in Oregon County known as Eleven Point State Park. The bill requires the Department to grant a right of first refusal to the prior owner to purchase the property for no less than 80% of fair market value. If the prior owner declines to purchase the property, the bill would require the Department to sell the property at public auction, with the terms of the sale set by the Commissioner of Administration by December 31, 2020.

If the Department sold this property at public auction, it could incur an auction fee of approximately 10% of the sale price (percentage estimate was obtained by contacting an auctioneer firm), which would likely be passed onto the buyer. In addition, pursuant to financial agreements with the U.S. Department of Interior ("DOI"), any proceeds from the sale of the properties 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.

DNR assumes the revenue generated either by selling the property to the prior owner or by auction, will be deposited into the DOI Restoration Account. The DOI Restoration account is not a state fund, therefore, **Oversight** will not reflect a revenue generated from this proposal.

Officials from the **Department of Natural Resources** assume the department would also need to obtain an updated real estate appraisal of the property to determine its fair market value, which is estimated to cost approximately \$7,000 based on the cost to obtain appraisals of the property prior to purchase in 2016.

Oversight will use DNR's cost estimate of \$7,000, and will reflect a cost to the State Parks Earnings Fund (0145).

Additionally, **Department of Natural Resources** assumes there is a possibility that the 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

ASSUMPTION (continued)

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.

Oversight will range the cost to the Legal Expense Fund as \$0 (no legal challenges as a result of this proposal) to an Unknown cost.

Bill as a whole:

Officials from the **Missouri Department of Conservation, Department of Agriculture, the Attorney General's Office** and the **Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations.

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 these agencies.

| <u>FISCAL IMPACT - State Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
|---|--|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Revenue</u> - OA- Conveyance of property - potential proceeds | \$0 to Unknown | \$0 to Unknown | \$0 to Unknown |
| <u>Cost</u> - OA- Conveyance of property - value of property & cost of transaction | \$0 to Unknown | \$0 to Unknown | \$0 to Unknown |
| <u>Cost</u> - DOC - Conveyance of property - value of property & cost of transaction (HA 2) | \$0 to <u>(Unknown)</u> | \$0 to <u>(Unknown)</u> | \$0 to <u>(Unknown)</u> |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | (Unknown) to <u>Unknown</u> | (Unknown) to <u>Unknown</u> | (Unknown) to <u>Unknown</u> |

| <u>FISCAL IMPACT - State Government</u> (continued) | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
|---|------------------------------------|------------------------------------|------------------------------------|
| STATE PARKS EARNINGS FUND (0145) | | | |
| <u>Cost</u> - DNR Real Estate Appraisal (HA 3) | <u>(\$7,000)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT TO THE STATE PARKS EARNINGS FUND | <u>(\$7,000)</u> | <u>\$0</u> | <u>\$0</u> |
| LEGAL EXPENSE FUND (0692) | | | |
| <u>Cost</u> - DNR Possible Attorney's Fees (HA 3) | \$0 to <u>(Unknown)</u> | \$0 to <u>(Unknown)</u> | \$0 to <u>(Unknown)</u> |
| ESTIMATED NET EFFECT TO THE STATE PARKS EARNINGS FUND | <u>\$0 to (Unknown)</u> | <u>\$0 to (Unknown)</u> | <u>\$0 to (Unknown)</u> |
| HIGHWAY FUNDS | | | |
| <u>Gain</u> - Conveyance of property - consideration less than value of parcel (HA 2) | \$0 or <u>Unknown</u> | \$0 or <u>Unknown</u> | \$0 or <u>Unknown</u> |
| ESTIMATED NET EFFECT TO HIGHWAY FUNDS | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> | <u>\$0 or Unknown</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
| | <u>\$0</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 authorizes the conveyance of certain state properties

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

Office of Administration
Department of Natural Resources
Department of Transportation
Attorney General's Office
Office of the Governor
Department of Agriculture
Missouri Department of Conservation
Department of Corrections



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April 18, 2019

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