

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2484-03
Bill No.: Perfected HCB 1
Subject: Department of Corrections; Property, Real and Personal; State Departments
Type: Original
Date: April 18, 2019

Bill Summary: This proposal modifies provisions relating to 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

Oversight notes HCB 10 provides for the following conveyances:

- Section 1 - property located in the City of Rolla to Edgewood Investments;
- Section 2 - property located in the City of Kirksville;
- Section 3 - property located in Macon County;
- Section 4 - property located in the City of Fulton;
- Section 5 - property located in the City of St. Louis;
- Section 6 - property located in the City of Kansas City, Kansas;
- Section 7 - property located in Pike County to MoDOT (commission) for \$1;
- Section 8 - property located in Iron County to MoDOT (commission) for \$1;
- Section 9 - property located in the City of Moberly; and
- Section 10 - property located in St. Francois County

Officials from the **Office of Administration - Division of Facilities Management, Design and Construction (OA)** state that the OA does not include appraisal values to the public, which may hinder the State's ability to gain the most dollars if property would be up for sale and likewise would hinder the State's ability to gain the best value of saving the taxpayer's dollars on property in review for purchase.

Additionally, since the terms of the conveyances are to be determined, the fiscal impact, if any, cannot be calculated. Therefore, the fiscal impact is \$0 to unknown.

Oversight notes that according to OA, the property described in the proposal as Kansas City, Wyandotte County, Kansas, described as a Pump House, 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 properties described in this proposal 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 (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.

ASSUMPTION (continued)

House Amendment 1

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).

ASSUMPTION (continued)

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 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 **Office of the Governor** state that 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; certain property located in the City of Kansas City, Wyandotte County, Missouri; real property located in Pike county to the state highways and transportation commission; property located in the City of Moberly, Randolph County, Missouri; and property located in St. Francois County, Missouri including all possibilities of reverter or revisionary interests.

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

Officials from the **Attorney General's Office**, the **Department of Transportation** and the **Department of Agriculture** 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> - Conveyance of property - potential proceeds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost</u> - Conveyance of property - value of property & cost of transaction	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>	(Unknown) to <u>Unknown</u>
STATE PARKS EARNINGS FUND (0145)			
<u>Cost</u> - DNR Real Estate Appraisal (HA 1)	(\$7,000)	\$0	\$0
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 1)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT TO THE STATE PARKS EARNINGS FUND	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022
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HIGHWAY FUNDS

<u>Gain</u> - Conveyance of property - consideration less than value of parcel	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
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ESTIMATED NET EFFECT TO HIGHWAY FUNDS	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
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<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 specifies that the Governor is authorized to sell, transfer, grant, convey, remise, release, and forever quitclaim all of Missouri's interest in real property, described in the bill, located in the City of Rolla, in Phelps County, to Edgewood Investments. The Governor is also authorized to sell, transfer, grant, convey, remise, release, and forever quitclaim all of Missouri's interest in real property, described in the bill, located in the City of Kirksville, in Adair County, as well as property located in Macon County, property located in the City of Fulton, in Callaway County, and property located in the City of St. Louis. This is the same as HB 1237 (2019).

The bill also specifies that the Governor is authorized to sell, transfer, grant, convey, remise, release, and forever quitclaim all interest of Missouri in property located in Pike County to the State Highways and Transportation Commission. The bill provides the description of the property. This is the same as HB 1085 (2019).

This bill authorizes the Department of Natural Resources to convey land located in Iron County to the State Highways and Transportation Commission. The land to be conveyed is described in the bill. This is the same as HB 552 (2019).

FISCAL DESCRIPTION (continued)

The .02 version of the authorized bill adds the following: The bill authorizes the Governor to sell, transfer, grant, convey, remise, release, and forever quitclaim all of Missouri's interest in property located in Kansas City, Wyandotte County, Missouri, described as a Pump House, and the bill provides the description of the property.

The bill also authorizes the Governor to sell, transfer, grant, convey, remise, release, and forever quitclaim all of Missouri's interest in property located in Moberly, Randolph County, Missouri. The bill provides the description of the property.

The bill also authorizes the Department of Natural Resources to sell, transfer, grant, convey, remise, release, and forever quitclaim all of interest of the State of Missouri property located in Oregon County, Missouri.

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



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Director
April 18, 2019

Ross Strobe
Assistant Director
April 18, 2019