

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0175H.02C
Bill No.: HCS for HB 1046
Subject: General Assembly; Easements and Conveyances; Property, Real and Personal;
Natural Resources, Department of
Type: Original
Date: March 17, 2021

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 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
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, transfer, grant, convey, remise, release and forever quitclaim property in Oregon County located within the boundary of a property known as Eleven Point State Park. The property identified in the bill is approximately 625 acres of land which is encumbered by a federal scenic easement. The Commissioner of Administration shall set terms and conditions of the property transfer and the Attorney General shall approve the form of the instrument of the conveyance.

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.

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.

Additionally, 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 notes that upon inquiry in 2020 regarding a similar proposal (HB 2535), DNR stated they have made payments in lieu of taxes (PILTs) to Oregon County of \$4,803 in 2019 and for the previous three years. DNR stated this is the fourth payment of the five scheduled.

Also upon 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

ASSUMPTION (continued)

Oversight now realizes this proposal only conveys a portion (625 of 4,127 acres) 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 2022.

Officials from the **Attorney General's Office** and the **Office of Administration** each assume the proposal would not fiscally impact their respective 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
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	<u>(\$7,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE STATE PARKS EARNINGS FUND (0415)	<u>More than (\$7,000) to Unknown</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
OREGON COUNTY			
<u>Income</u> - potential additional income if private entity(s) purchase the parcels and continue 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.

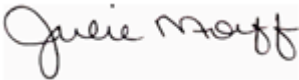
FISCAL DESCRIPTION

This bill authorizes the Missouri Department of Natural Resources to transfer property located in Oregon County. The Commissioner of Administration shall set terms and conditions for the property transfer and the Attorney General shall approve the form of the instrument of conveyance.

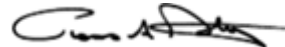
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Attorney General's Office
Office of Administration



Julie Morff
Director
March 17, 2021



Ross Strobe
Assistant Director
March 17, 2021