

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 7316H.011  
 Bill No.: HB 3375  
 Subject: Eminent Domain and Condemnation; Agriculture; Utilities  
 Type: Original  
 Date: March 23, 2026

Bill Summary: This proposal modifies provisions relating to eminent domain.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Natural Resources Protection Fund (1555)	(Less than \$130,000)	(Unknown)	(Unknown)
State Road Fund (1320)*	(Unknown, more or less than \$17,300,000)	(Unknown, more or less than \$17,300,000)	(Unknown, more or less than \$17,300,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown, more or less than \$17,430,000)</b>	<b>(Unknown, more or less than \$17,300,000)</b>	<b>(Unknown, more or less than \$17,300,000)</b>

\* MODOT assumes unknown increased project costs from provisions of this proposal that would impact the MHTC's ability to construct new projects or the timely completion of projects when right of way must be acquired.

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

§§523.001, 523.015, 523.030, 523.039, 523.040, 523.061, 523.250, 523.253, 523.256 and 523.265 – Condemnation Proceedings

Officials from the **Department of Natural Resources (DNR)** assume the following:

§523.015.4 of the bill would require any political subdivision, including DNR, that acquires an easement on a property, and subsequently cuts or destroys any tree or vegetation within the easement, to remove or grind down all tree stumps left in the easement to three inches in depth below the ground surface. As part of its duties conducting environmental restoration on properties in Missouri damaged by contamination from hazardous wastes and other hazardous substances, the DNR has acquired voluntary conservation easements on 26 different properties. These conservation easements ensure that the restoration is maintained for the life of the easement. For these properties, team members in the Environmental Remediation Program periodically visit the property for routine activities necessary to conduct restoration activities and ensure compliance with the restrictions in the easement. If accidental damage would occur during the course of this work, the provisions in this section create potential costs to the DNR associated with the removal of trees or vegetation.

On average, removal of a single tree can range \$200 to \$2,000 or more. For the purposes of this fiscal note, the DNR assumes that it could be necessary to remove a single tree at each of the 26 properties on which the DNR holds a conservation easement.

Tree removal = \$2,000 per tree x 26 properties = \$52,000 for removal of trees and vegetation.

§523.015.5 of the bill would require any political subdivision, including the DNR, that acquires an easement on a property, and subsequently disturbs or damages the property by creating or causing ruts on the ground, to be responsible for repair of the damage to the property. Removal of trees and vegetation, as well as routine ongoing access to the property as an easement holder, would involve the use of vehicles and heavy equipment which could easily cause damage to property in the form of ruts, and would therefore subject the DNR to additional liability for the costs of repairing these ruts.

On average, rut repair ranges from \$450 for a moderately sized rut, to \$3,000 for repair of a large rut. For each of the 26 properties on which a tree or vegetation is removed, the DNR assumes that heavy equipment use could cause a minimum of a single large rut at each of the 26 properties.

Rut repair = \$3,000 per repair of a large rut x 26 properties = \$78,000 for repair of ruts caused by heavy equipment used for tree and vegetation removal.

The DNR estimates that, for each of the 26 easements held by the DNR and potentially subject to claims for damaged in this bill, it would take a DNR Environmental Program Analyst three hours to review, assess, and compile information on the claim. The DNR anticipates being able to absorb these costs. However, until the FY27 budget is final, the DNR cannot identify specific funding sources.

- Environmental Remediation Program – Environmental Program Analyst: 3 hours @ \$35.48/hr (\$73,788 - \$67,080 base pay plus \$6,708 time of service pay) = \$106.44 to review one claim

- 26 conservation easements on which the DNR is the holder of the easement, and potentially subject to the claims in the bill

-\$106.44 x 26 = a total of \$2,767.44 for DNR review time by an Environmental Program Analyst

Total Estimated Fiscal Impact:

- \$2,767.44 Environmental Program Analyst - The DNR anticipates being able to absorb these costs. However, until the FY27 budget is final, the DNR cannot identify specific funding sources.

\*this does not include fringe, indirect, or expense and equipment costs

- \$130,000\* one-time cost in FY27 (costs could be incurred at any time. For purposes of this estimate, the DNR assumes the costs are incurred within the first fiscal year)

- \$52,000 for removal of trees and vegetation + \$78,000 for rut repair = \$130,000

- \$0 to unknown\* ongoing for additional tree or vegetation and rut repair costs as needed, at each of the 26 properties

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DNR.

Officials from the **Missouri Department of Transportation (MODOT)** assume the following:

The changes proposed in this bill would have a significant negative impact on the Missouri Highways and Transportation Commission's (MHTC) ability to construct new projects, complete projects in a timely manner and increase projects costs when right of way must be acquired.

This bill proposes a new category of taking, "beginning farmer taking", which would increase costs 125% of fair market value for any individual that qualifies.

This bill lowers the length of ownership to qualify for "heritage value" from 50 years to 20 years, which would increase the number of property owners eligible for this payment from 25% eligibility to 85% eligibility.

This bill broadens the definition of "homestead taking", increasing the number of property owners eligible for this payment.

This bill would require the condemning authority to compensate for all federal, state, or local

taxes owed by the owner, and compensate for attorney fees if the amount awarded is greater than the offer made by the condemning authority.

The additional notices and requirements included in this proposal, specifically §523.020, would likely add at least 10-11 months to each project. This could lead to the MHTC having to pay liquidated damages to contractors if right of way acquisition delayed a project.

The MHTC currently averages \$17.3 million for right of way acquisition per year. If the requirements in this bill were enacted, this would likely double those costs to the State Road Fund, at a minimum. This will significantly delay the ability to complete projects in a timely manner and cost Missouri taxpayers more money for highway improvement projects.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the MODOT.

Officials from the **City of Kansas City** assume a negative fiscal impact of an indeterminate amount.

**Oversight** assumes any additional compensation under §523.039 that is equal to local taxes owed by the owner of the condemned property as a consequence of the eminent domain proceeding, including but not limited to all capital gains tax, could add additional cost for a local political subdivision (LPS). Therefore, Oversight will show a \$0 (no eminent domain proceeding) or unknown cost to LPS for this proposal.

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Department of Commerce and Insurance, Department of Economic Development, Department of Revenue, Missouri Department of Agriculture, Missouri Department of Conservation, Office of Administration, Office of the State Courts Administrator, Metropolitan St. Louis Sewer District, South River Drainage District, Wayne County PWSD #2** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties, county assessors, county collectors, county prosecutors, school districts and utility districts were requested to respond to this proposed

legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

§523.010 – Condemnation of Land by Certain Utilities

Officials from the **Department of Commerce and Insurance, Department of Economic Development, Missouri Department of Conservation, Office of Administration** and the **Office of the State Courts Administrator** each assume the proposal will have no fiscal impact on their respective organizations.

In response to similar legislation, SB 954 (2026), officials from the **Attorney General’s Office, Department of Natural Resources, Missouri Department of Transportation** and the **City of Kansas City** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**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.

In response to similar legislation, SB 199 (2025), officials from the **City of O’Fallon** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>NATURAL RESOURCES PROTECTION FUND (1555)</b>			
<u>Cost – DNR (§523.015) Tree removal and rut repair p.3-4</u>	(Less than <u>\$130,000</u> )	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON NATURAL RESOURCES PROTECTION FUND (1555)</b>	<b>(Less than <u>\$130,000</u>)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>
<b>STATE ROAD FUND (1320)</b>			
<u>Cost – MODOT ((§§523.001, (repealed 523.020), 523.039, 523.061, 523.250, 523.253)) Increased project costs from provisions of this proposal p.4-5</u>	(Unknown, more or less than <u>\$17,300,000</u> )	(Unknown, more or less than <u>\$17,300,000</u> )	(Unknown, more or less than <u>\$17,300,000</u> )
<b>ESTIMATED NET EFFECT ON STATE ROAD FUND (1320)</b>	<b>(Unknown, more or less than <u>\$17,300,000</u>)</b>	<b>(Unknown, more or less than <u>\$17,300,000</u>)</b>	<b>(Unknown, more or less than <u>\$17,300,000</u>)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost – (§523.039) Additional costs added to property in eminent domain proceedings p.5</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

FISCAL IMPACT – Small Business

No direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill modifies provisions relating to condemnation proceedings. The bill includes in the definition of "fair market value" the damages on the remaining or burdened property by the condemning authority's proposed use to be included in the determination of fair market value of a taking of less than the entire value of the property. Fair market value does not include any increase in the value of the remaining or burdened property caused by the condemning authority's proposed use.

The bill also modifies the definition of "heritage value" by changing the percentage assigned to property owned by the same family for more than 50 years from 50% of fair market value to 20%.

Electrical corporations may not use eminent domain for the construction or erection of any plant, tower, panel, or facility that:

- (1) Uses, captures, or converts wind or air currents to generate or manufacture electricity; or
- (2) Uses, captures, or converts the light or heat generated by the sun to generate or manufacture electricity.

A corporation, political subdivision, state agency, cooperative, or person with the authority to condemn property must give a 15- day notice to the property owner for purposes relating to surveying. Additionally, for easements acquired either by voluntary means or condemnation by corporations, political subdivisions, state agencies, cooperatives, or persons with the authority to condemn property, the bill requires 5 days notice for entry and other duties related to abandonment or damages occurring to the property. Any corporation, political subdivision, state agency, cooperative, or person that violates the notice requirement or other duties will be subject to a civil action by the property owner, the Attorney General, or prosecuting attorney for a civil penalty of up to \$1,000 for each violation for each day, not to exceed \$100,000 for all related violations.

Currently, upon the filing of a condemnation petition, a summons must be issued, giving a property owner at least 10 days from the date of service before the petition may be heard. The bill extends the notice before a hearing from 10 days to 60 days and a property owner has 30 days from the date of service to answer such petition. A failure to answer does not constitute a default of the owner's rights to a hearing. At the initial hearing, the condemning authority will have the burden to prove that there is statutory authority to condemn the property and that the law, rules, and bylaws have been followed.

The bill also modifies just compensation for condemned property to include compensation equal to the amount of any taxes owed by a property owner as a consequence of the eminent domain proceeding. For condemnations that result in a beginning farmer taking, as defined in the bill, the just compensation is an amount equivalent to the fair market value multiplied by 125% plus the amount of such taxes.

Additionally, the condemning authority must include in the notice and written offer provided before the filing of a petition a statement that the property owner has the right to seek an award for heritage value, a homestead taking, or a beginning farmer taking, the right to seek attorney's fees if the amount awarded is greater than the offer, and a copy of the laws regarding notices by and duties of the condemning authority and the list of obligations and remedies provided.

The bill repeals the requirement that the electrical transmission line be designed to transmit electricity at 345-kilovolts or greater for determinations of good faith negotiations of condemnation of any agricultural or horticultural property for the construction of an electrical transmission line.

For considerations of alternative locations, the written statement by the condemning authority to the owner on the reasoning for the rejection or acceptance of alternative locations must be specific, rather than a brief statement. Any rejection of the landowner's suggested alternative location must not be arbitrary or capricious or induced by fraud, collusion, or bad faith, and must be supported by substantial evidence. A condemning authority or the owner can seek a determination by the circuit court that these requirements have been met.

The bill also repeals the provision that any number of owners, residents in the same county or circuit, may be joined in one petition, except that the damages must be separately assessed.

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  
City of Kansas City  
Department of Commerce and Insurance  
Department of Economic Development  
Department of Revenue  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Office of Administration  
Office of the State Courts Administrator  
Metropolitan St. Louis Sewer District  
South River Drainage District

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Wayne County PWSD #2  
State Tax Commission  
City of O'Fallon



Julie Morff  
Director  
March 23, 2026



Jessica Harris  
Assistant Director  
March 23, 2026