

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3211/1	Introduction Number AB-534	
Subject Surplus lands		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 461		
Agency/Prepared By DOT/ John Fandrich (608) 266-0786	Authorized Signature Julie Johnson (608) 267-3703	Date 7/12/2005

Fiscal Estimate Narratives

DOT 7/13/2005

LRB Number	05-3211/1	Introduction Number	AB-534	Estimate Type	Original
Subject					
Surplus lands					

Assumptions Used in Arriving at Fiscal Estimate

Bill Summary:

This bill would allow WisDOT to sell or convey real property that is no longer needed for transportation purposes without petitioning the Governor. Presently, the department may sell or convey real property that is no longer required for transportation projects without petitioning the Governor as long as the fair market value is not more than \$15,000. Any property valued at \$15,000 or greater requires Governor's Approval.

Reducing the steps needed for approving surplus land sales would decrease the processing time required to complete these transactions.

The bill also requires the following changes:

- a. WisDOT shall transfer at no cost any real property that has no marketable value to the owner or owners of property adjoining the property owned by the State.
- b. The Department shall offer surplus land that has limited marketable value at it's appraised value for not less than 6 months. If WisDOT does not sell the property at or above it's appraised value, the department shall accept the highest sealed bid for the sale of property.
- c. Surplus land that is available for public bid shall be sold or transferred within 12 months of completing a transportation project for which the property was acquired or within 6 months of determining that the property is no longer necessary for transportation purposes, whichever occurs first.

Assumptions:

For subsection (a), assumes that property has no value given characteristics such as no public access, small size or irregular shaped, landlocked, and non-buildable. Though some surplus properties fit this classification, in most cases these properties do have some value to the abutting land owners as assemblage to their current properties.

For subsection (b), properties with limited marketability, meaning they have no public access but have more than one abutting land owner, these properties are offered for sale through the sealed bid process. If no bid is received at the appraised value, and if no federal funding was involved in the purchase of this real property, WisDOT will approach the abutting land owners to solicit reasonable offers. If federal funding was involved in the purchase of this real property, WisDOT is prohibited from selling the property below appraised value.

For subsection (c), assumption is that these requirements would be for real property purchased after the bill is enacted, not for existing surplus land inventory held. Because this bill would require shorter time frames for the disposal of surplus property recently acquired, additional resources may need to be diverted away from other high priority areas within the real estate section.

These areas include the real estate acquisition and relocation sections that are vital to the delivery of the highway improvement program.

Fiscal Impact Analysis:

A report created on May 10, 2005 from WisDOT's Real Estate Automated Data System (READS) identified a total of 35 surplus land parcels that exist and are designated as non-marketable with an estimated value of \$99,963.14.

Under the language created in this bill, these properties would be transferred at no cost to the adjoining land owner or owners.

Long-Range Fiscal Implications

The ability to streamline and decrease the process time for WisDOT to dispose of surplus land is improving. The Department is currently making many changes to decrease the inventory of surplus lands such as:

- a. Improved use of WisDOT's Internet site by providing a current list of available properties throughout the State.
- b. The hiring of LTE staff to help address the numerous requests received by private land owners whose property abuts these surplus parcels.
- c. The development of a Low-Value Surplus Land policy which allows surplus property that is appraised at less than \$1,000 and has only one abutting land owner to be sold for \$1 or other good and valuable consideration.

The Department's goal is to return these lands back to the local tax rolls and the property owners from which they came as quickly as possible while recovering some of the costs associated with transportation projects.

The evaluation process to determine if a remnant parcel of land is surplus and can be sold includes many variables. First, each regional office must determine if the land will be needed for any future highway project. Second, once the regional office has determined the property is no longer needed, then WisDOT's policy is to contact local governments and/or other state agencies such as the DNR to see if they have a need or interest in the property. This would include properties that have either a historical significance or a public need for conservancy, such as a wetland area.

Third, once the other public agencies have been contacted and if they have no need for the property, the State Historical Society has to review the property for any archaeological or historical value such as effigy mounds or other artifacts that can't be disturbed. Fourth, an appraisal needs to be conducted to determine the value of the land. Once a correct price for the property is determined, the following characteristics of the property are considered to help determine how marketable the parcel is:

- a. Highest and Best Use
- b. Market Demand
- c. Accommodation of public needs
- d. Assemblage
- e. Value
- f. Mitigation
- g. Location
- h. Topography
- i. Access
- j. Contamination
- k. Wetlands

A careful assessment of future use for surplus property usually can take longer than 6 or 12 months as would be required under this bill. To require the Department to transfer or sell these properties within that time frame could result in lost revenue and increased litigation, by not properly considering all the characteristics used to assess real property and its interest.

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3211/1		Introduction Number AB-534	
Subject			
Surplus lands			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
This would decrease revenue from the Sale of Surplus Land account by \$100,000.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-100,000
TOTAL State Revenues		\$	\$-100,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-100,000	\$
Agency/Prepared By		Authorized Signature	Date
DOT/ John Fandrich (608) 266-0786		Julie Johnson (608) 267-3703	7/12/2005