

Fiscal Estimate Narratives

DOA 6/19/2019

LRB Number	19-1431/2	Introduction Number	AB-0256	Estimate Type	Original
Description limiting condemnation payments made by a county or a redevelopment or community development authority					

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 256 caps the amount of additional payments required under the eminent domain law to persons who are displaced from a business or farm operation when the condemner is a county, redevelopment authority, or community development authority.

Under current law, the amount that a village, city, or town may pay out to the property owner or tenant of a farm or business property is capped by a legally pre-determined amount, depending on type of ownership.

If the condemned property is owned, the property owner displaced is required to be paid by the condemner in an amount not to exceed \$100,000 for the purchase or rent of a comparable business. Certain criteria must be met by the owner in order to be eligible to receive payment from the condemner.

If the condemned property is rented, the property tenant is required to be paid by the condemner in an amount not to exceed \$80,000. Rental payment amounts shall be determined by computing the average monthly rent paid for the property from which the person was displaced for the 12 months prior to the initiation of negotiations or, if displacement of tenancy is not a direct result of the acquisition, such other event as determined by the Department of Administration (DOA) and the monthly rent of a comparable replacement business or farm operation, and multiplying the difference by 48.

Under the proposed bill, these caps, and qualifying conditions of ownership or tenancy, would be applied to when the condemner is a county, redevelopment authority, or community development authority.

Limiting payments to owners or tenants could decrease costs to a county, redevelopment authority, or community development authority. However, the amount of the decrease would depend upon the frequency with which the amounts of the payments owed to the owner or tenant exceed these caps, and the sum of the amount in excess of the caps under those circumstances. The department cannot reasonably estimate the number of instances in which a condemner would be a county, redevelopment authority, or community development authority and the frequency with which the amounts of the payments owed to the owner or tenant exceed these caps, and the sum of the amount in excess of the caps under those circumstances. Therefore, the local fiscal impact is indeterminate.

Long-Range Fiscal Implications