

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6529**

**BILL NUMBER: HB 1113**

**DATE PREPARED:** Mar 2, 1999

**BILL AMENDED:** Mar 1, 1999

**SUBJECT:** Land valuation of agricultural land in eminent domain proceedings.

**FISCAL ANALYST:** Beverly Holloway

**PHONE NUMBER:** 232-9851

**FUNDS AFFECTED:**  **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill provides that the amount of the offer to purchase, prior to condemnation, and the amount of compensation, damages, or benefits to be awarded or assessed in the condemnation of certain agricultural property is 125% of the fair market value of the property. This bill provides an exemption for the acquisition of land by the Natural Resources Commission for parks or preserves and scenic and historic places.

This bill makes conforming amendments to Indiana Code provisions governing eminent domain procedures.

**Effective Date:** (Amended) January 1, 1999 (retroactive).

**Explanation of State Expenditures:** (Revised) This bill would require the State to pay 125% of the fair market value for certain agricultural land acquired through eminent domain. The current payment is 100%.

This bill would apply to land acquired through eminent domain by the Indiana Department of Transportation (INDOT) and other state agencies. Land acquired by the Natural Resources Commission for parks or preserves and scenic and historic places is exempt from this provision. The INDOT paid an average of \$26,864 per acre from FY 1996 through FY 1999 (8 months) for land acquired through eminent domain. The following table illustrates the amount of land acquired, the amount of compensation paid by INDOT for land acquired through eminent domain, the cost of the land at 125% (as proposed under this bill), and the difference between the amount of compensation paid and the cost of the land at 125% as an illustration of the potential increase in future costs for land acquisition. These purchases are subject to appropriations and availability of funds. Therefore it is possible that the INDOT will acquire less land through eminent domain. This could impact highway projects in the future. The specific impact is indeterminable and will depend upon the value of land under consideration by the INDOT through the eminent domain process.

<b>Fiscal Year</b>	<b>Land Acquired by INDOT</b>	<b>Compensation</b>	<b>Cost at 125%</b>	<b>Difference</b>
FY 1996	478.36 acres	\$5,347,100	\$6,683,875	\$1,336,775
FY 1997	165.52 acres	\$7,029,816	\$8,787,270	\$1,757,454
FY 1998	55.8 acres	\$4,262,915	\$5,328,644	\$1,065,729
FY 1999 (8 months)	82.67 acres	\$4,376,895	\$5,471,119	\$1,094,224

The Department of Administration reports that during the past five years no other state agencies have acquired land through eminent domain. The fiscal impact of this bill is indeterminable and dependent on the amount of agricultural land acquired by the State through eminent domain.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) As with the State, any county, township, city, town or taxing district would pay 25% more, from 100% to 125%, for certain agricultural land that is acquired through eminent domain. The fiscal impact of this provision is indeterminable.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** County; Township; City; Town; Taxing district.

**Information Sources:** Phil Schermerhorn, INDOT, (317) 232-5518. Jay McQueen, Department of Administration, (317) 232-7636.