

February 26, 2024

The Honorable Michael Fagg, Chairperson
Senate Committee on Utilities
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Fagg:

SUBJECT: Fiscal Note for SB 443 by Senate Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning SB 443 is respectfully submitted to your committee.

SB 443 would increase the statutory compensation for private property taken by eminent domain for electric transmission lines. If the entire tract of land is taken, the compensation would be the fair market value of the property, multiplied by 150.0 percent. If only a part of a tract of land is taken, the compensation would be the greater of: (1) the difference between the fair market value of the entire property before the taking and the value of the portion remaining after the taking, multiplied by 150.0 percent, or (2) the fair market value of the of the property taken, multiplied by 150.0 percent.

The Department of Transportation (KDOT) indicates enactment of the bill could increase the compensation given to public utilities by KDOT through eminent domain who are forced to relocate electric transmission lines due to KDOT highway projects. In calendar year 2023, KDOT had 37 projects which required utility relocation. Of those 37 projects, 25 involved the relocation of electric transmission lines. The combined expense for the compensation associated with these relocations totaled \$742,292. A 150.0 percent increase in these projects would increase the eminent domain compensation to approximately \$1,113,438, an increase of \$371,146. KDOT notes that landowners could assert that because property acquired by KDOT through eminent domain could eventually be used to house electric transmission lines, the amount given in just compensation should be increased by 150.0 percent. In addition, if public utilities relocate electric transmission lines to private property through eminent domain, KDOT's reimbursement amounts to acquire those properties would also increase by 150.0 percent. While the bill would increase expenditures to KDOT, it states that it is unlikely that additional staff would be required.

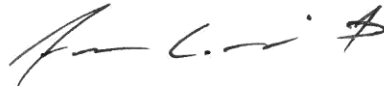
The Office of Judicial Administration indicates enactment of the bill would have a negligible fiscal effect that could be absorbed within existing resources.

The Office of the Attorney General and the Kansas Corporation Commission indicate enactment of the bill would not have a fiscal effect on either of the agencies. Any fiscal effect associated with SB 443 is not reflected in *The FY 2025 Governor's Budget Report*.

The League of Kansas Municipalities states enactment of the bill could affect cities that qualify as a public utility under state law. The League notes that cities would qualify if they provide utility services more than three miles outside the corporate limits of the city. If one such city would choose to acquire property by eminent domain for transmission lines in its extraterritorial service area, its costs would increase significantly. However, a precise fiscal effect cannot be estimated.

The Kansas Association of Counties states enactment of the bill could increase expenditures to counties if additional litigation is required regarding fair market value for transmission line sites taken through eminent domain. However, a precise fiscal effect cannot be estimated.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt" with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Trisha Morrow, Judiciary
Peter Barstad, Kansas Corporation Commission
William Hendrix, Office of the Attorney General
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities