

# Fiscal Note

**BILL #** HB 2049

**TITLE:** eminent domain; existing contracts

**SPONSOR:** Weninger

**STATUS:** House Engrossed

**PREPARED BY:** Jeremy Gunderson

## Description

The bill would require municipalities to assume all existing assets and contractual obligations associated with providing utility service when municipalities acquire utilities using eminent domain, unless both parties agree otherwise.

## Estimated Impact

We estimate the bill would have no fiscal impact to the state. To the extent municipalities continue to use eminent domain to acquire utilities and would be required to maintain contractual obligations that they would have otherwise ended, the bill may have a fiscal impact to municipalities. However, we cannot estimate those costs, since they are dependent on each individual case.

According to the Corporation Commission, the bill would have no significant impact on the Commission's regulatory load.

## Analysis

Eminent domain allows government to seize property for the public use after giving just compensation for the value of the property. When acquiring public utilities via eminent domain, the bill would require municipalities to assume all existing assets and contractual obligations associated with providing utility service, unless both parties agree otherwise.

The state does not use eminent domain for acquiring utilities and therefore we estimate this bill will not impact the state.

The bill's new requirements could also disincentivize municipalities from using eminent domain to acquire public utilities. In these instances, the public utilities would remain under the regulatory purview of the Corporation Commission. However, the Corporation Commission does not believe there will be enough instances of changed behavior to significantly alter their regulatory load.

## Local Government Impact

See above.

2/19/21