

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** HB 597 (PCS6157)

**SHORT TITLE:** North Carolina Property Rights Act

**SPONSOR(S):** Rep. John Nichols

**FISCAL IMPACT:**    **Expenditures:**    **Increase ( )**        **Decrease ( )**  
                         **Revenues:**            **Increase ( )**        **Decrease ( )**  
                         **No Impact ( )**  
                         **No Estimate Available (XX)**

**FUND AFFECTED:** **General Fund ( )**    **Highway Fund ( )**    **Local Govt. ( )**  
                         **Other Funds ( )**

**BILL SUMMARY:** Adds a new Chapter 40B to the General Statutes; purpose of the Act is to provide that land-use regulations imposed after the acquisition of an interest in property should not reduce the value of the right to use the property existing at the time the property was acquired, without compensation; sets forth policies with respect to land-use planning, including explicit guidelines for state and local governmental entities to use to evaluate proposed regulations. Specific requirements for findings concerning regulations are to be set out in the form of written assessments of purpose, probable effect, alternatives to the proposed action...which may involve lower probably costs to the States, and source of payment for compensation; assessments may be postponed if a serious safety, health or welfare necessitates adoption of temporary rule; 40B-5 creates right to compensation when there is a documentable 20% diminution of the fair market value, resulting from a regulation imposing subsequent conditions upon the owner's rights to develop, improve or use the property; 40B-6 requires an appraisal of economic impact of the regulation, by the application (evaluation) of 7 factors, including the present and probable future use of the property; current regulatory limitations on the property; the economic viability of the property, given current regulations; the resulting effect of the proposed regulation; the existence of any liens on the property. Prposed section 40B-7 provides for property owner to bring action for damages in inverse condemnation (action to recover damage to value to property when governmental entity fails to comply with Act). Local governments exempt from these provisions, except in the case of "downzoning" actions.

**EFFECTIVE DATE:** Upon ratification; rules and procedures related to enactment by state agencies required by July 1, 1996.

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:**

FISCAL IMPACT

FY                      FY                      FY                      FY                      FY

REVENUES:

GENERAL FUND                      No reliable estimates available for costs to either

HIGHWAY FUND                      State or Local governmental entities

HIGHWAY TRUST FUND

LOCAL

EXPENDITURES

POSITIONS:

ASSUMPTIONS AND METHODOLOGY:

1. Costs to prepare rules and regulations to implement provisions of bill will be absorbed by entities as part of normal rules-making processes; provisions of bill for evaluation of proposed regulations would be dependent directly upon complexity of regulations purpose, probable effect, cost of acquisition, availability of funds, etc., as provided in proposed section G. S. 40B-4. Each of these findings would be prospective; thus, no reliable estimate of costs can be forecast.

2. Staffing requirements (and any additional costs associated with additional positions) would appear to be dependent upon and driven by the amount/complexity of rule-making or litigation associated directly with the enactment of the legislation. The amount of this activity and its potential cost cannot be forecast reliably.

3. While the State would be expected to provide compensation to property owners, no reliable estimate of costs can be forecast, since those costs would be directly dependent upon outcomes of agency assessments of rules, possible litigation, etc., and those outcomes cannot be forecast.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: Tom L. Covington TomC

APPROVED BY:

DATE: May 8, 1995

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