

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1143 (Delegate Holmes)
Environmental Matters

Condemnation - Damages - Compensation for Assets of Business

This bill provides that the damages to be awarded for the taking of land in a condemnation action where the land or part of the land is used for a business include compensation to the owner for the business's total assets if: (1) the business cannot be continued on the land because of the taking; and (2) the business cannot reasonably be relocated. These damages must include, and may not duplicate, any damages awarded to the owner for the fair market value of the land.

Fiscal Summary

State Effect: State expenditures related to the exercise of condemnation through eminent domain could increase under the bill. The increase cannot be readily estimated but could be significant depending on the number, types, and locations of business owners compensated under the bill. Revenues would not be affected.

Local Effect: Local government expenditures related to the exercise of condemnation through eminent domain could increase under the bill. The increase cannot be readily estimated but could be significant depending on the number, types, and locations of business owners compensated under the bill. Local government revenues would not be affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Current Law: The damages to be awarded for the taking of land are determined by the land's "fair market value." By statute, fair market value of the condemned property

(property taken through eminent domain) is the price as of the valuation date for the highest and best use of the property that a willing seller would accept from a willing buyer, excluding any change in value proximately caused by the public project for which the property is needed. Loss of other business assets is not generally compensable.

Background: Chapter 446 of 2004 established a Task Force on Business Owner Compensation Proceedings. The task force made several recommendations regarding business owner compensation; however, it did not develop comprehensive legislation containing those recommendations. This bill does not reflect any of those recommendations. The task force did not develop any estimates as to the cost of its recommendations or current payments to business owners displaced by condemnation actions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland-National Capital Park and Planning Commission, Maryland Department of Transportation, Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2006
nas/hlb

Analysis by: T. Ryan Wilson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510