

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB1435

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Deeds

3. Committee: Courts of Justice

4. Title: Eminent domain; lost profits and just compensation.

5. Summary: Requires any and all liability for lost profits claimed in an action for compensation pursuant to a taking under eminent domain to be set forth specifically in the award for just compensation. Current language speaks about lost profits as an element of damage for a residue property. A residue property may only exist when a partial acquisition of a property occurs. The proposed bill will revise the current language so that lost profit claims will be allowed for both partial and total property acquisitions. It clarifies that lost profits are an element of just compensation that will be specifically set forth in the award.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: This proposed legislation would allow lost profits to be claimed on total acquisitions and allow tenants whose businesses are impacted to also claim lost profits. The modification could impact property acquisition costs for the Virginia Department of Transportation (VDOT) associated with road construction/improvement projects. Looking at previous years' data, VDOT estimates that the potential for additional payment for lost profits on total acquisition projects could average \$585,000 per year. Higher property acquisition costs will lower the total number of projects VDOT can implement given the finite amount of transportation revenues.

9. Specific Agency or Political Subdivisions Affected: VDOT and all other state and local entities with eminent domain authority.

10. Technical Amendment Necessary: No

11. Other Comments: None