

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 4, 2009
POSITION: Oppose
SPONSOR: East Kern Airport District

BILL NUMBER: SB 649
AUTHOR: R. Ashburn

BILL SUMMARY: Transfer of Property - East Kern Airport District

This bill would require that the Department of Transportation (Caltrans) sell 577 acres of land (known as Site A of the Mojave Bypass property) in Kern Country to the East Kern Airport District (District) for use as open space at the Mojave Air and Space Port, which it operates. This bill would require that this transfer take place by June 30, 2010.

FISCAL SUMMARY

This bill would require Caltrans to sell the property to the District at fair market value, which is currently estimated to be between \$1 million and \$1.5 million.

By requiring that the property be sold to the District within a specific time frame, this bill would artificially suppress the market on which the estimated value is based, effectively reducing the market value. It is unclear to what extent the value would be reduced.

COMMENTS

Finance is opposed to this bill because it does nothing to facilitate the sale of the surplus property, but could result in reduced market value by eliminating the market for the property by requiring it be sold to the District. Similarly, the specified time frame could result in Caltrans selling the property before it is ready for market, resulting in a lower sale price.

Analyst/Principal (0753) R. Grimaldi	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
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BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

R. Ashburn

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SB 649

ANALYSIS

A. Programmatic Analysis

Current law provides that the Department of Transportation (Caltrans) has full possession of the state highway system and associated property and that Caltrans is authorized to sell real property that is no longer necessary for highway purposes for fair market value, except in certain statutorily specified cases. Caltrans is required first to offer the property to other state agencies and then to local governmental agencies, prior to offering it for sale to the public.

This bill would require that Caltrans sell 577 acres of land (known as Site A of the Mojave Bypass property) in Kern County to the East Kern Airport District (District) for use as open space at the Mojave Air and Space Port, which it operates. This bill would require that this transfer take place by June 30, 2010.

Discussion: Because the District would have first right of refusal to purchase the property at fair market value under current law, this bill would not facilitate the sale of the property. Caltrans reports that it is generally opposed to any bill that requires it to sell property to any given entity.

We believe there is a risk that by effectively eliminating the market for this property, the fair market value could be reduced, both by specifying that it be sold to the District and by specifying a time frame.

B. Fiscal Analysis

This bill would require Caltrans to sell the property to the District at fair market value, which is currently estimated to be between \$1 million and \$1.5 million.

By requiring that the property be sold to the District within a specific time frame, this bill would artificially suppress the market on which the estimated value is based, effectively reducing the market value. It is unclear to what extent the value would be reduced.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code	
	LA	(Dollars in Thousands)								
	CO	PROP	2009-2010		2010-2011		2011-2012			
	RV	98	FC	FC	FC	FC	FC	FC		
2660/Caltrans	SO	No	----- See Fiscal Summary -----							0042
<u>Fund Code</u>	<u>Title</u>									
0042	Highway Account, State, STF									