

FINANCIAL IMPACT OF THE NEVADA PROPERTY OWNERS' BILL OF RIGHTS INITIATIVE

FINANCIAL IMPACT – CANNOT BE DETERMINED

OVERVIEW

The Nevada Property Owners' Bill of Rights Initiative (Initiative) proposes to amend Article 1 of Nevada's Constitution regarding the determination of public use of property, payment for private property taken under eminent domain actions, compensation for economic loss from government actions, and the rights of property owners with respect to court proceedings. The provisions of the Initiative cannot become effective until after the 2008 General Election.

FINANCIAL IMPACT OF THE INITIATIVE

The Initiative declares that public use does not include transfers of property taken in an eminent domain proceeding from one private party to another private party. Although the use of this type of transfer of private property for projects by government entities is eliminated, an estimate of the financial impact to state and local governments planning to use this type of transfer after the effective date of the Initiative cannot be determined.

The provisions requiring taken or damaged property to be valued at its highest and best use and providing just compensation for government actions (such as rezoning, elimination of access, or limiting the use) resulting in economic loss to private property potentially increases the costs incurred by state or local government entities to provide the required payments to property owners under eminent domain proceedings. Given the difficulty projecting the level and scope of eminent domain proceedings state and local governments may undertake after the effective date of the Initiative, the potential financial impact on state or local governments cannot be determined with any degree of certainty. The potential increase in the costs may cause government entities to forego certain projects requiring the taking of private property under eminent domain actions.

The provisions of the Initiative establishing the rights of property owners relating to state and district court proceedings may potentially increase the number of cases and require the rescheduling of cases involving eminent domain actions. The potential increase in expenses incurred by state and district courts from handling a larger number of cases and the administrative costs associated with scheduling cases involving eminent domain actions cannot be determined with any degree of certainty.