Model Legislation

Summary

This act protects against the diminution of the value of a private home or other property when government action is taken to serve a public purpose by making changes in a property’s land use or zoning status.

Model Legislation

Section I.

This act shall be known as the Property Investment Protection Act

Section II.

If any action by a [CITY, COUNTY, JURISDICTION, OR REGULATORY AUTHORITY OF THE STATE] to change the land use or zoning status of real property causes a reduction in the use or exchange value of that property, the property is considered to have been taken for the use of the public.

Section III.

The owner of the property that is taken under Section II of this Act has a right either to:

A. Require condemnation by and just compensation from the [AUTHORITY] that took the action; or

B. Receive compensation for the reduction in value caused by the [AUTHORITY’S] action.

Section IV.

In either case, as stipulated under Section III of this Act, the owner shall have the option of having the amount of compensation determined by a jury.

Section V.

The [AUTHORITY] is liable to the property owner for the reasonable and necessary costs of any actions brought under this section, plus any actual and demonstrable economic losses suffered by the property owner due to the [AUTHORITY’S] regulation during the period in which it was in effect.

Section VI.

If the [AUTHORITY] is unwilling or unable to pay the costs awarded under this act, then the [AUTHORITY] shall reinstate the level of zoning that was in effect at the time the [AUTHORITY] took the action that resulted in the right claimed pursuant to this act.

Section VII.

If any action by a [AUTHORITY] under this article causes a reduction in the full cash value of real property, the [AUTHORITY’S] assessor or, if appropriate, the department of revenue shall reflect the reduction in valuation by reducing the assessed valuation of the property on the tax rolls as of the next valuation date.

Section VIII.

This act shall not be construed as an exclusive remedy or to diminish other rights of property owners under existing constitutional, statutory or common law.

Section IX.

This section does not apply in the case of an exercise of the police power to prevent noxious use of property or tangible harm to the health and safety of the public.

Section X.

SEVERABILITY CLAUSE.

Section XI. REPEALER CLAUSE

Section XII. EFFECTIVE DATE.

Adopted by ALEC’s Natural Resources Task Force at the Fall Task Force Summit November 13, 1999. Approved by full ALEC Board of Directors December, 1999
From CMD: This “model” legislation is aimed at expanding the meaning of the Fifth Amendment’s “Takings” clause to make taxpayers liable to land owners who claim their property value is diminished by government regulations (such as environmental, zoning, or land use regulations). The U.S. Supreme Court has held that a regulation can be a taking requiring compensation when it “goes too far,” such as when it deprives the property owner of “all economically beneficial uses.” This Act would lower the bar for a regulatory taking to basically any reduction in property value, and allow a property owner to demand compensation or require a formal exercise of Eminent Domain. This bill would allow corporations to demand compensation from the government for regulations that affect them and would likely have the effect of limiting governmental regulations intended to preserve the public welfare. See also “Regulatory Costs Fairness Act.”