
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 1033 (Lackey) - Eminent domain: appraisals: compensation

Version: May 23, 2025

Urgency: No

Hearing Date: August 18, 2025

Policy Vote: JUD. 13 - 0

Mandate: No

Consultant: Liah Burnley

Bill Summary: AB 1033 increases the maximum amount a public entity must offer to pay for the reasonable cost of an independent property appraisal when a property is under threat of eminent domain from \$5,000 to \$8,000.

Fiscal Impact: Unknown, potentially significant costs (General Fund, special funds, local funds) to state and local public entities to cover the increase cost of independent property appraisals. Costs to state entities could be in the millions of dollars annually, with actual costs depending on the number and type of properties acquired via eminent domain each year.

For example, the California Department of Transportation estimates that the bill could result in additional departmental costs up to low millions of dollars annually, based on actual reimbursement requests. For context, the table below illustrates the impact a \$3,000 increase in appraisal costs on all parcels would have had on Caltrans over the past four years:

<u>Year</u>	<u>Number of Parcels</u>	<u>Potential Increased Cost</u>
2021	889	\$2,667,000
2022	907	\$2,721,000
2023	931	\$2,793,000
2024	1,300	\$3,900,000

Caltrans indicates that the actual cost may be significantly lower. Not all individuals reimbursed for an independent appraisal receive the full \$5,000 allowed under existing law. Caltrans recognizes that increasing the maximum amount allowed for reimbursement may not necessarily lead to appraiser fees increasing. Caltrans also anticipates absorbable costs to update written guidance and train staff.

The High-Speed Rail Authority anticipates ongoing cost increases by an estimated \$15,000 annually from implementation of AB 1033. The Authority estimates roughly five appraisals per year. With a cost of \$8,000 each, the estimated annual cost would be \$40,000, up from \$25,000 under the current \$5,000 cap.

Background: Eminent domain is the legal authority of a government to take ownership of privately owned property for a public purpose. Whenever a government acquires a property via eminent domain, the government must provide just compensation to the property's owner. Under existing law, a property owner under threat of eminent domain may obtain an independent appraisal of their property. Existing law requires the

acquiring public entity to offer up to \$5,000 for an independent appraisal of such a property. This amount has not been adjusted since the law was enacted in 2006.

Proposed Law: This bill raises the maximum amount a public entity must offer to pay for the reasonable cost of an independent property appraisal when a property is under threat of eminent domain from \$5,000 to \$8,000.

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