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On Behalf Of:  
Committee: Senate Committee On Natural Resources and  
Wildfire  
Measure, Appointment or Topic: SB78

Senate Bill 78 is a lovely example of an attempt at market intervention.

Relevant trends for the past few decades have been that the underlying rural farm land:

1/ is historically owned in "parcels" too-small to support competitive modern farming activity

2/ hosts more (aging) dwellings than are needed to operate competitive modern farming activity. If not left vacant, the excess dwellings are occupied by persons not engaged in farm labor.

3/ is leased (inexpensively) to a large local farming operation and is ultimately purchased with money unrelated to farm income. Annual return on capital is often as low as 1%, sometimes negative. Non-farm capital thus subsidizes farming activity.

These trends are occurring everywhere in the USA, whether-or-not land-use regulations allow mansions to exist. In a few (preferred) locations, the presence of mansions can further motivate the land-owner to subsidize the farming activity.

If Senate Bill 78 becomes law, none of the three trends outlined above will change. In a few (preferred) locations, the creation of mansions might be slightly-delayed, with the effect upon the price of a few parcels of rural land being:

- slightly-depressed if a mansion does not yet exist
- slightly enhanced if a mansion does exist.

If this occurs, it will financially hurt the historic land-owner, and slightly help the mansion-builder.