DOOMSDAY?

no way

Economic Trends & Post-*Kelo* Eminent Domain Reform

JANUARY 2008
Institute for Justice

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executive summary

When the U.S. Supreme Court upheld eminent domain for private development in the 2005 *Kelo* case, the public reacted with shock and outrage, leading to a nationwide movement to reform state laws and curb the abuse of eminent domain for private gain. By the end of 2007, 42 states had passed some type of eminent domain reform.

Throughout the public backlash to the *Kelo* ruling, those who favor eminent domain for private development predicted—and continue to predict—dire consequences from reform for state and local economies: fewer jobs, less development and lower tax revenues.

This report tests those doom-and-gloom predictions. We examined economic indicators closely tied to reform opponents' forecasts—construction jobs, building permits and property tax revenues—before and after reform across all states and between states grouped by strength of reform.

Results indicate:

** There appear to be no negative economic consequences from eminent domain reform. State trends in all three key economic indicators were essentially the same after reform as before.*

** More importantly, even states with the strongest reforms saw no ill economic effect compared to states that failed to enact reform. Trends in all three key economic indicators remained similar across all states, regardless of the strength of reform.*

The data show that reality bears no resemblance to gloomy forecasts of economic doomsday. **In fact, large-scale economic development can and does occur without eminent domain.** Policymakers in states that passed no or nominal reform need not worry about a trade-off between economic growth and protecting the property rights of home and business owners—they can go hand-in-hand.

With no ill economic effects—and with the substantial benefits strong reform provides the rightful owners of property and society as a whole—legislators nationwide should be encouraged to reform their state's eminent domain laws to curb its use for private development.

introduction

It is called the *Kelo* backlash.[1] On June 23, 2005, when the U.S. Supreme Court upheld the use of eminent domain to take private property for private economic development, widespread outrage generated unprecedented and sustained support to correct the laws and public policies that led to the kind of abuse in the *Kelo* case.[2] Public indignation was evident in a July 2005 American Survey that showed 68 percent of registered voters favor legislative limits on eminent domain.[3] And public support for reform cut across demographic and partisan groups. Sixty-two percent of Democrats, 74 percent of independents and 70 percent of Republicans supported such limits. Commentators called it a "horrible Supreme Court decision,"[4] and labeled June 2005 a dark month "for those who prize liberty."[5]

The *Kelo* backlash also enjoyed bipartisan support among politicians. Missouri Gov. Matt Blunt, a Republican, minced no words: "This is a terrible ruling that undermines the balance that ought to exist between private property owners and the needs of the public."[6] U.S. Rep. James Sensenbrenner (R-Wis.) said, "It is a decision that will have profound impact in terms of the relationship of the owners of private property with their government in this country for years to come, unless we take immediate action to limit or even reverse those consequences."[7] Prominent Democrat and U.S. Representative from California Maxine Waters called *Kelo*-style takings "the most un-American thing that can be done,"[8] and Democratic U.S. Representative from Michigan, John Conyers, spoke on the House floor: "What I am saying is that the concept of...using private takings for private use should not be allowed....[T]hat is wrong. That is a misuse. That is an abuse."[9]

The backlash did not stop at rhetoric. Throughout the country, politicians of both parties immediately began proposing legislation to limit the kind of seizure the Court's decision validated.[10] Within one month of *Kelo*, 21 states introduced legislation to curtail eminent domain for private development;[11] two weeks later the number had grown to 24;[12] and by August 2005, lawmakers in 28 states had introduced more than 70 bills.[13] Congressional lawmakers, too, introduced legislation to address the issue. In November 2005, the House of Representatives voted 376 to 38 to deny states and localities federal economic development grants for two years if they allow condemnations of private property for private redevelopment.[14]

By the end of 2007, 42 states had passed some sort of eminent domain reform designed to stop or at least curb the *Kelo*-style abuse.[15] Some of those bills produced stronger reforms than others, but as of November 2007, 21 states had adopted "substantive eminent domain reform."[16]

Florida, for example, adopted a strong reform that requires local governments to wait 10 years before transferring land taken by eminent domain from one owner to another—effectively eliminating condemnations for private development.

Wisconsin is an example of a moderate reform. Legislation there prohibits the government from designating large areas as "blighted" based on the condition of a small number of properties within those areas. It prohibits condemnation of non-blighted properties for private development and also provides some increased protection for residential properties by adding new factors to the legal definition of blight.

Critics have dismissed the *Kelo* backlash as "hysteria," "overblown" and "paranoid."[17] U.S. Rep. Earl Blumenauer (D-Ore.) opined, "We don't have a national crisis here," while U.S. Representative Mel Watt (D-N.C.) said of the House bill approved in November 2005: "This bill is an overreaction."[18]

Others predicted dire consequences for state and local economies as a result of eminent domain reform. Former Riviera Beach, Fla., Mayor Michael Brown, while embroiled in a fight to condemn modest beachfront homes for conversion into luxury condos and a yacht marina, intoned, "[I]f we don't use this power, cities will die."[19] Gerald Romski, counsel and chief project executive of Arverne by the Sea, a 117-acre redevelopment project in New York, said eminent domain reform "would spell the end of economic development in the state of New York."[20] Madison, Wis., Mayor Dave Cieslewicz called eminent domain reform "senseless legislation that responds to a nonproblem. It has a negative impact for economic development all over the state of Wisconsin."[21]

Others made more specific predictions, such as lost jobs and tax revenue.[22] Speaking before Congress on behalf of the National League of Cities, Eddie Perez, mayor of Hartford, Conn., discussed redevelopment in his city:

> These projects are pillars in our efforts to revitalize the city. These projects have created thousands of construction and permanent jobs. They have attracted new business, increased home values, and sparked millions of dollars in new private investment ranging from first time homebuyers to large financial services companies.[23]

According to Perez, such projects "would not have been possible without the city having eminent domain available as a development tool."

Also speaking on behalf of the National League of Cities to a congressional committee, Bart Peterson, then mayor of Indianapolis, argued:

> ...the availability of eminent domain has probably led to more job creation and home ownership opportunities than any other economic development tool. If that tool vanishes, the redevelopment experienced in many communities in recent years would literally come to a complete halt. Absent redevelopment, I believe that we would have fewer people becoming homeowners, which means fewer participants in what the Bush Administration calls an 'ownership society.'[24]

Similarly, the New York Metro Chapter of the American Planning Association wrote in a policy statement, "We fear that legislative overreactions to *Kelo* may preclude the implementation of a number of beneficial projects that could create jobs, housing opportunities, and economic growth."[25]

And, in 2006 Iowa Gov. Tom Vilsack vetoed an eminent domain reform bill (HF 2351), citing concerns about "sacrificing job growth" and other negative effects:

> I am convinced that Iowa's economy, which we have all worked so hard to nurture and develop over the last eight years, will be negatively impacted should HF 2351 become law and place us at a competitive disadvantage with other states.[26]

Yet, as is too often the case, such pronouncements and policy decisions appear largely devoid of empirical support. Although some anecdotal evidence discusses delays to individual projects as a result of the *Kelo* backlash,[27] few have substantiated the dramatic predictions of deleterious economic consequences from eminent domain reform. Given the stakes for property owners and economic health, it is vital to know if the evidence backs the doom-and-gloom predictions.

measuring economic effects

To find out, we examined economic indicators before and after eminent domain reform across all states, as well as between states grouped by the strength of reform. Table 1 lists the states in each group: no reform, nominal or moderate reform, and substantive reform. These categories follow an earlier report produced by the Castle Coalition and the Institute for Justice describing and rating state reforms.[28]

For each state we looked at construction jobs, building permits and property tax revenues, variables that align closely with predictions by eminent domain reform opponents who claim that eminent domain is necessary to boost private development, jobs and taxes. In addition, if eminent domain reform halts or slows development, it will likely impact these variables first and most conclusively. In short, if reform harms economic health, trends in construction jobs, building permits and property tax revenues should turn negative after reform legislation becomes effective. And states with stronger or moderate reform should see negative trends compared to states with no reform.

For each indicator, we controlled for factors other than eminent domain reform that might explain differences in trends. For example, changes in the number of construction jobs might reflect the overall employment picture in a state rather than reform. We used data on the overall labor force to control for the employment picture in each state, the number of sales of existing houses to control for the broader housing market, and total tax revenues (minus property tax revenues) to control for the overall tax revenue climate in each state.

Construction jobs and overall labor data were reported monthly and the remaining variables were collected quarterly. Data spanned 2004 to either May or the first quarter of 2007. All data were seasonally adjusted and transformed to mitigate statistical effects that could muddy the results. Data were analyzed using Hierarchical Linear Modeling (HLM),[29] a sophisticated analysis method that allowed us to examine trends in data, interruptions in those trends (such as legislative change) and differences in trends based on group characteristics.[30] See the appendices for more details about the methods.

Table 1
States Grouped by Strength of Eminent Domain Reform

Reform Type	States
No Reform	Arkansas, Connecticut,* Hawaii, Kansas,* Maryland,* Massachusetts, Mississippi, Montana,* Nevada,* New Jersey, New Mexico,* New York, Ohio,* Oklahoma, Rhode Island, South Carolina,* Virginia,* Washington,* Wyoming*
Nominal or Moderate Reform	Alaska, California, Colorado, Delaware, Idaho, Illinois, Kentucky, Maine, Missouri, Nebraska, North Carolina, Tennessee, Texas, Vermont, West Virginia, Wisconsin
Substantive Reform	Alabama, Arizona, Florida, Georgia, Indiana, Iowa, Louisiana, Michigan, Oregon, Minnesota, New Hampshire, North Dakota, Pennsylvania, South Dakota, Utah

** These states have adopted some form of eminent domain reform that went into effect after the last available data included in this study. See Appendix A for more details.*

results: doomsday? no way

Contrary to the doom-and-gloom predictions of reform opponents, the data reveal no significant changes in trends in construction jobs, building permits and property tax revenues as a result of eminent domain reform. And there is no difference in trends based on the strength of reform. States with strong and moderate reform did just as well as states with no reform.

To see this, we first established a baseline of the trends in our three variables, looking at how they change over time apart from eminent domain reform or any other factor. As Table 2 shows, construction jobs, building permits and property taxes grew across all 50 states from 2004 to early 2007, although the growth was small and only the growth in building permits was statistically significant. The "slope coefficients" are a measure of growth, and *p*-values show whether those coefficients are statistically significant. In each of the tables below, slope coefficients are reported only to three decimal places; coefficients of only zero have numbers greater than zero at some place beyond the third decimal place. *P*-values less than 0.05 indicate statistical significance, or confidence that the difference found is real and not due to chance. For example, none of the differences in Table 3 are statistically significant, so we cannot be confident that the differences in trends (tiny in any event) are real. This means that the trends very likely did not change due to eminent domain reform. For full results, including coefficients, standard errors and random effects, or variance components, see Appendix B.

Table 2

Baseline Economic Trends Show Small Positive Growth

Changes in Construction Jobs, Building Permits and Property Taxes, 2004 to 2007

Indicators	Slope Coefficient	*p*
Construction	.000	.151
Building Permits	.001	.018
Property Tax	.000	.919

With a baseline of very small positive trends in all three indicators, we examined whether these trends changed after eminent domain reform. As Table 3 shows, they did not. The "reform slope coefficients" measure how much the trend for each variable changed after reform. Each is quite small, only the change in building permits is negative, but barely so, and none is statistically significant.

The key finding, then, is that state trends in construction employment, building permits and property taxes were essentially the same after eminent domain as before. Thus, despite grave predictions of opponents, there appear to be no negative economic consequences from eminent domain reform.

Table 3

Eminent Domain Reform Has No Effect on Economic Trends

Changes in Construction Jobs, Building Permits and Property Taxes, Before and After Reform, 2004 to 2007

Indicators	Slope Coefficient	*p*
Construction	.000	.212
Building Permits	- .007	.077
Property Tax	.000	.959

To see whether the strength of reform made any difference, we compared states that passed strong reform and those that passed moderate reform to those that passed none. As Table 4 shows, there was little difference in construction job, building permit and property tax trends between states that passed strong or moderate reform and those that passed none. The "slope coefficients" show the difference in trends for each economic indicator between two groups of states: between moderate reform and no reform, and between strong reform and no reform.

All of these coefficients are tiny, and only those for construction jobs are negative, but barely so at -0.000. None of the coefficients is statistically significant, further indicating there is little or no real difference between reform states, strong or moderate, and states with no reform. Simply put, states that adopted strong reform or moderate reform saw no difference in construction job, building permit or property tax trends compared to states that failed to enact eminent domain reform. **Reform—even strong reform—had no ill economic effect.**

Table 4

Strength of Eminent Domain Reform Has No Effect on Economic Trends

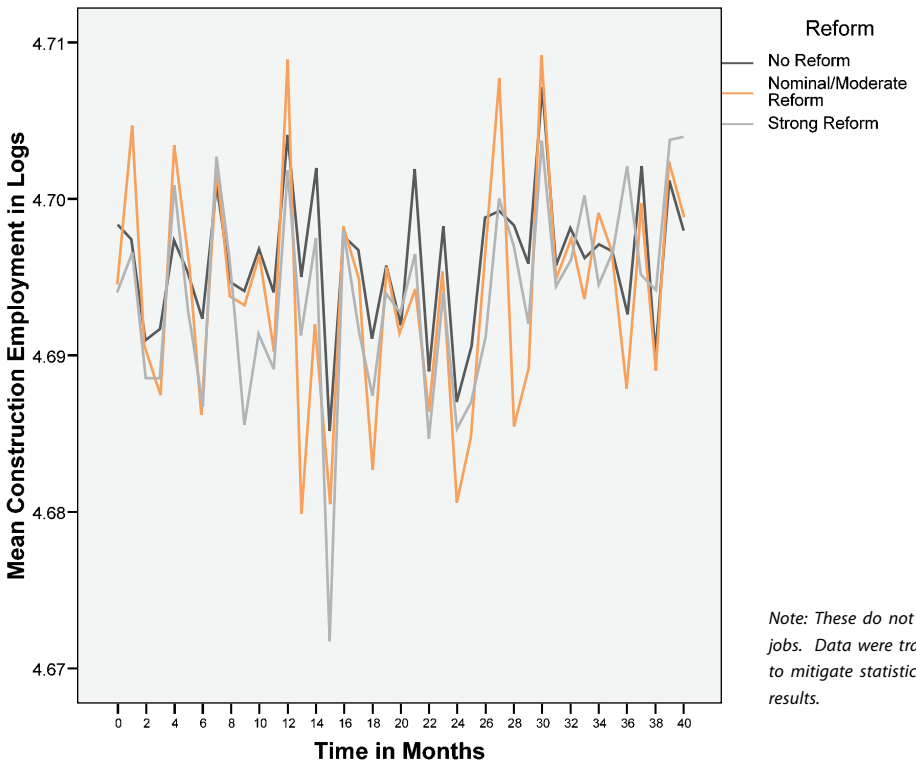
Differences in Construction Job, Building Permit and Property Tax Trends by Strength of Reform, 2004 to 2007

Indicators	Slope Coefficient	*p*
Construction		
Moderate vs. No Reform	-.000	.147
Strong vs. No Reform	-.000	.975
Building Permits		
Moderate vs. No Reform	.000	.755
Strong vs. No Reform	.002	.074
Property Tax		
Moderate vs. No Reform	.000	.757
Strong vs. No Reform	.000	.463

Graphs of each indicator over time clearly show these results. Each graph includes three lines corresponding to states grouped by strength of reform. Although the degree of peaks and valleys often differs, the lines tend to move up and down at basically the same time. More important, there is no sharp divergence in the direction of the lines. If the predictions of eminent domain reform opponents were true, the moderate lines and especially the strong reform lines would decrease as compared to no reform. Yet, that was clearly not the case.

Of the three graphs, property tax data show less consistency in patterns among the reform groups. However, the lines still do not show patterns that conform to the predictions of eminent domain reform opponents. Namely, the trend lines for reform groups do not show a consistent decrease compared to the states without reform. Instead, the trend generally moves upward—except for peaks and valleys that indicate normal variation over time—as a line drawn through the center of the peaks and valleys shows.

Graph 1
Similar Construction Job Trends, Regardless of Reform Strength
Construction Jobs Over Time, 2004-2007

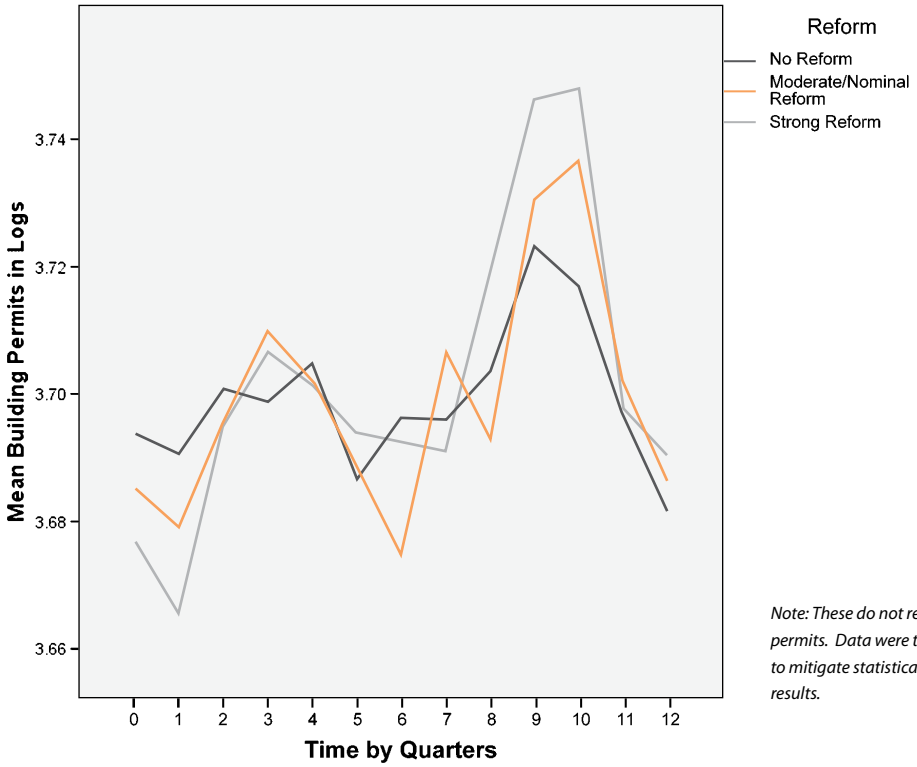


Note: These do not represent the actual number of jobs. Data were transformed into logarithms (logs) to mitigate statistical effects that could muddy the results.

Graph 2

Similar Building Permit Trends, Regardless of Reform Strength

Building Permits Over Time, 2004-2007

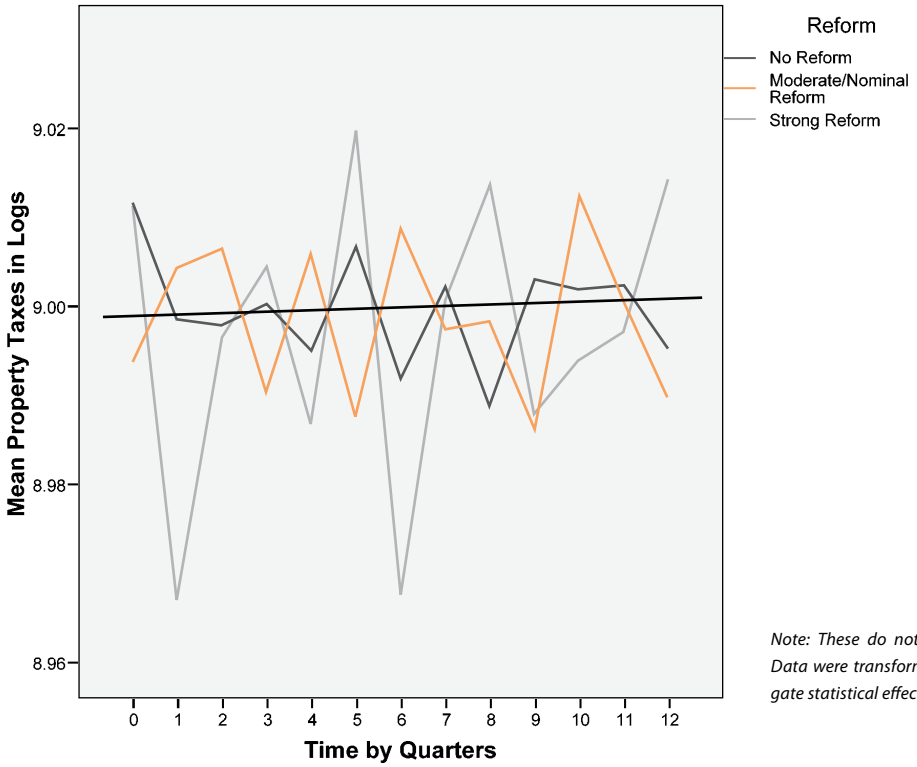


Note: These do not represent the actual number of permits. Data were transformed into logarithms (logs) to mitigate statistical effects that could muddy the results.

Graph 3

Similar Property Tax Trends, Regardless of Reform Strength

Property Taxes Over Time, 2004-2007



Note: These do not represent the actual tax values. Data were transformed into logarithms (logs) to mitigate statistical effects that could muddy the results.

conclusion: economic viability through property rights

Writing for the majority in the *Kelo* decision, Justice Stevens concluded: "We emphasize that nothing in our opinion precludes any State from placing further restrictions on its exercise of the takings power."[31] Riding the wave of the *Kelo* backlash, legislators in 42 states did just that, to varying degrees. **And although some politicians, bureaucrats and developers continue to predict economic doomsday, the results in this report show reality bears no resemblance to the gloomy forecasts.**

One potential shortcoming of these results is the relatively short time period measured after reform passed. Perhaps negative economic consequences of eminent domain reform have not yet appeared. However, the number of post-reform months these data cover is not inconsequential. Fourteen states that adopted moderate or nominal reform had at least six months' worth of post-reform data, and six states had at least a full year's worth. Of states with strong reform, 14 had at least six months of data, and five states had at least 12 months. With these numbers, we would expect to see at least early signs of economic harm if eminent domain reformers' predictions were true, but that is not the case. According to these early results, restoring the protections of individuals' property rights to the Founders' original intent does not threaten economic viability.

In fact, some contend quite the opposite. Curt Pringle, mayor of Anaheim, Calif., described how his city pursued a large initiative without eminent domain in *Development Without Eminent Domain: Foundation of Freedom Inspires Urban Growth*. Unlike an earlier failed attempt in which a previous administration used eminent domain, Anaheim's current project is thriving. As Pringle explained:

> All of this development occurred without the city putting any pressure on any landowners to sell their property. The development of private properties has been completely at the discretion of the individual property owners. Not only did the city not use the formal power of eminent domain to take property, there was no subtle use of the power local governments possess to make business and property ownership difficult. Anaheim put the policies and regulations in place that we thought would help bring new activity to the area, streamlined permitting processes and requirements, and have then excitedly watched as the private sector responded.[32]

This private sector response led to a quadrupling of property values, billions of dollars of private sector investment, an increased demand for more intense high-end office space, 7,000 homes and a variety of restaurants and retail space. **"There is no doubt that the absence or removal of a threat of condemnation encourages economic development, chiefly because property owners and developers feel secure in their investment,"** Pringle wrote.[33]

Moreover, invoking eminent domain for private development often fails to live up to the hype. Despite the bright picture painted by some of the redevelopment of Baltimore's Inner Harbor,[34] the city's accomplishments through eminent domain have been decidedly more modest. Forty years have passed since officials authorized eminent domain for the Inner Harbor and forced more than 700 viable businesses out—over considerable public opposition. Yet, to this day, the project is not self-sustaining, with millions in tax breaks still going to favored developers.[35]

Baltimore officials also authorized eminent domain in many other neighbor-

hoods, like Park Heights (which is itself a collection of 12 neighborhoods) and Poppleton, decades ago, and have neither economic development nor blight remediation to show for it.[36] Residents did succeed in fighting off proposals that called for razing huge swaths of Mount Vernon, Federal Hill and Fells Point, which are now among the city's most vital neighborhoods, replete with smaller-scale developments and restored historic properties.[37]

In another example, West Palm Beach county officials in 1987 sought to turn 385 acres of properties with homes into a private golf course—in a county with more than 170 existing golf courses. When three families refused to sell, county officials in 1999 approved eminent domain to take the properties. The last residents left in 2002 as the project languished and was eventually abandoned in 2005.[38]

Contrast these with cities like Lakewood, Ohio, and Scottsdale, Ariz. Both were embroiled in eminent domain disputes involving the condemnation of private property for private economic development. But when Lakewood, in 2003, rescinded a blight designation on a large neighborhood, more than $224 million in economic development projects and improvements resulted.[39] Likewise, after Scottsdale lifted its second redevelopment designation, the city reported $2 billion in private investment in short order.[40]

For elected officials torn between protecting the property rights of home and business owners and stimulating a solid economic future for their constituents, this report and the experience of cities like Anaheim show both can be done. Moreover, for leaders in states that have passed no or nominal reform and look warily at the potential negative effects of restricting eminent domain to a clear public use, these results should give hope. Despite the Chicken Little predictions, the economic sky is not falling as a result of eminent domain reform. Even some who hailed the *Kelo* ruling recognized the hyperbole of officials like Vilsack, Peterson and others. Tim Lay, a lawyer for the anti-eminent domain reform National League of Cities, noted that despite the *Kelo* backlash, redevelopment across the nation would not grind to a halt: "Local voter opposition may lead city council members to be more hesitant to approve certain condemnation projects than they might previously have been, but that's OK...it's nothing more than the democratic process at work."[41]

As Anaheim and other cities demonstrate, significant economic activity is possible and perhaps more profitable to private actors and the public alike through voluntary transactions and the protection of private property rights. As Pringle concluded:

> The desire to create new jobs and more economic activity should not come at the expense of private property rights of city residents and business owners. Instead of using government powers to grab people's land, local and state government officials across the United States should find creative ways to encourage new enterprises by working with the homeowners and businesses already located in their community.[42]

Anaheim's A-Town area was developed and now thrives without the use of eminent domain.

appendix a: methods

Data

Data for this study came largely from public or freely available sources. Construction employment and overall labor data were accessed from the Economagic website (www.economagic.com), a comprehensive site of free, easily available economic time-series data useful for economic research, in particular economic forecasting. The site includes more than 100,000 time series, drawn from government sources such as the Census Bureau and the Bureau of Labor Statistics. Data are reported at various levels, including cities, counties, states and nationally.

Building permit data were gathered from the State of the Cities Data System (http://socds.huduser.org/permits/index.html) available through the U.S. Department of Housing and Urban Development. These data represented all building permits, from single family housing to multi-family units (such as apartment buildings and condos). Existing home sales were accessed from the National Association of Realtors (http://www.realtor.org/research.nsf/pages/ehspage). Each month, the Association releases statistics on sales and prices of existing single-family homes, condos and co-ops for the nation, regions and each state. Finally, tax data were gathered from the U.S. Census Bureau's quarterly summary of state and local government tax revenues (http://www.census.gov/govs/www/qtax.html).

All data were seasonally adjusted. In addition, because of the temporal nature of the data, adjustments for autocorrelation were necessary. This is a condition where members of a time series of observations, such as monthly employment figures, are correlated with values at an earlier time interval. Left unaddressed, this makes it difficult to distinguish whether differences in the data were due to a particular cause or due to trends resulting from autocorrelation. A standard correction, and one used here, is to transform the data through single differencing (subtracting a data point from its predecessor). Finally, data were transformed into logarithms prior to analyses, also a common procedure to achieve normality or symmetry in the data.[43]

Eminent Domain Reform Legislation

Central to the report's analyses is the passage of eminent domain reform legislation, both conceptually and temporally. Using prior work describing and rating the states based on the strength of the eminent domain reform adopted,[44] the states were assigned to three categories: strong, moderate and no reform. We also collected the effective dates of all the relevant reform legislation to compare the economic outlook of states before and after reform.

In so doing, we had to alter the categories of some because the effective dates occurred after the latest available data. For example, in the original report ranking the states, Kansas was reported to have substantive reform. However, because the legislation's effective date was July 1, 2007, and the latest economic data available as of this writing was May 2007, Kansas was labeled "no reform" for the analyses. This was also the case with 10 other states (Connecticut, Maryland, Montana, Nevada, New Mexico, Ohio, South Carolina, Virginia, Washington and Wyoming).

appendix b: hierarchical linear models

This appendix is for those with a working knowledge of HLM.

Analyses

Separate HLM analyses were completed for each of the indicators (construction, permits and tax data). The models used in these analyses were two-level: Level 1 being time and Level 2 being state, using restricted maximum likelihood. Level 1 included the monthly construction or quarterly permits and property tax data. In addition, because we used a discontinuity model to measure the adoption of eminent domain reform, Level 1 also included a "time of adoption" variable. This was coded with a 0 prior to adoption (or a 0 throughout in states with no adoption) and then began a continuous count from 1 upward beginning when the eminent domain reform legislation was in effect. Therefore, the Level 1 model is:

$$Y_{ti}=\pi_{0i}+\pi_{1i}(\text{Months or Quarters})+\pi_{2i}(\text{Time of Reform Adoption})+e_{ti}$$

where Y_{ti} is construction employment, building permits or property taxes of state i at time t; π_{0i} (intercept) is the initial construction employment, building permits or property tax status of state i at time t; π_{1i} is the growth slope of state i; π_{2i} is the growth slope after adoption of reform in state i; and e_{ti} is the time-specific error of state i at time t. Note that the results presented above do not include Level 2 predictors when Time of Reform Adoption was included in Level 1 (see Table 3). However, we did analyze such a model, and the results did not differ substantively from those we presented. In the interest of parsimonious presentation we omitted those results.

In the final model (in which the non-significant Time of Reform Adoption variable is dropped) for the intercept term and the π_{1i} slope, the Level 2 models are

$$\pi_0=\beta_{00}+\beta_{01}(\text{Group 1})+\beta_{02}(\text{Group 2})+\beta_{03}(\text{Covariate})+r_0$$

$$\pi_1=\beta_{10}+\beta_{11}(\text{Group 1})+\beta_{12}(\text{Group 2})+\beta_{13}(\text{Covariate})+r_1$$

where β_{00} and β_{10} represent intercepts, β_{01}, β_{02}, β_{03}, β_{11}, β_{12} and β_{13} represent slopes, and r_0 and r_1 represent error terms; Group 1 and Group 2 represent dummy variables for type of reform legislation (Group 1=moderate or nominal reform, Group 2=substantive reform), and Covariate represents the respective covariate for each dependent measure—labor force for construction employment, housing sales for building permits and overall taxes for property taxes.

Complete Results Tables

Tables 2 through 4 above included only information relevant to specific results reported in the results section. The full tables, including intercepts and standard errors, are reported here.

Table 2

Full Results

Fixed Effects	Coefficient (*SE*)	*p*
Construction		
Intercept	4.69 (.001)	.000
Slope	.000 (.000)	.151
Building Permits		
Intercept	3.68 (.003)	.000
Slope	.001 (.000)	.018
Property Tax		
Intercept	8.99 (.003)	.000
Slope	.000 (.000)	.919

Table 3

Full Results

Fixed Effects	Coefficient (*SE*)	*p*
Construction		
Intercept	4.69 (.001)	.000
Trend Slope	.000 (.000)	.268
Reform Slope	.000 (.002)	.212
Building Permits		
Intercept	3.68 (.003)	.000
Trend Slope	.002 (.000)	.002
Reform Slope	-.007 (.004)	.077
Property Tax		
Intercept	8.99 (.003)	.000
Trend Slope	.000 (.000)	.870
Reform Slope	.000 (.002)	.959

Table 4

Full Results

Fixed Effects	Coefficient (*SE*)	*p*
Construction		
Intercept	3.81 (.066)	.000
Moderate Reform	.002 (.002)	.265
Strong Reform	-.000 (.002)	.986
Labor Force	.176 (.013)	.000
Trend Slope		
Moderate Reform	-.000 (.000)	.147
Strong Reform	-.000 (.000)	.975
Labor Force	-.004 (.000)	.000
Building Permits		
Intercept	1.95 (.414)	.000
Moderate Reform	-.002 (.008)	.770
Strong Reform	-.012 (.008)	.137
Housing Sales	.351 (.083)	.000
Trend Slope		
Moderate Reform	.000 (.001)	.755
Strong Reform	.002 (.001)	.074
Housing Sales	-.059 (.013)	.000
Property Tax		
Intercept	10.55 (.900)	.000
Moderate Reform	-.003 (.008)	.660
Strong Reform	-.006 (.008)	.407
Overall Taxes	-.159 (.092)	.094
Trend Slope		
Moderate Reform	.000 (.001)	.757
Strong Reform	.000 (.001)	.463
Overall Taxes	.018 (.013)	.170

Variance Components

Table B1 includes the variance components from the analyses reported above. As indicated, the variance components across the analyses for the different indicators were quite small. In fact, examining differences in variance in the slopes across models (differences in intercepts are not of particular interest in this study) yielded no differences after the addition of Level 2 predictors. Yet, as the variance components for Table 4 indicate, significant variability remains in the slopes for both construction employment and building permits.

It is important to note that the analyses herein were not used for "model building." Rather, we sought to test specific predictions of elected officials about eminent domain reform using indicators identified in or very closely aligned with those predictions. Therefore, the fact that a significant amount of variance remains to be explained is expected.

Finally, examining the within versus between variance for each indicator for each model showed the smallest percentage of the total variance was consistently represented by within state variability. The greatest percentage of total variance accounted for by within state variability reached 48 percent for construction employment in Table 3 and hovered at zero percent or near zero percent on several occasions.

Table B1

Variance Components for Tables 2, 3, and 4

Random Effects	Variance	Chi-square (*df*)	*p*
	Variance Components for Table 2		
Construction			
Intercept	.00016	422.47 (49)	.000
Slope	.00000	202.60 (49)	.000
Sigma Squared	.00023		
Total Variance	.00039		
Building Permits			
Intercept	.00036	75.61 (48)	.007
Slope	.00001	129.93 (48)	.000
Sigma Squared	.00145		
Total Variance	.00182		
Property Tax			
Intercept	.00000	21.10 (21)	.500
Slope	.00000	14.79 (21)	.500
Sigma Squared	.00155		
Total Variance	.00155		
	Variance Components for Table 3		
Construction			
Intercept	.00022	251.49 (30)	.000
Trend Slope	.00000	81.95 (30)	.000
Reform Slope	.00000	71.34 (30)	.000
Sigma Squared	.00023		
Total Variance	.00045		
Building Permits			
Intercept	.00015	56.18 (29)	.002
Trend Slope	.00001	94.24 (29)	.000
Reform Slope	.00043	124.16 (29)	
Sigma Squared	.00136		
Total Variance	.00195		
Property Tax			
Intercept	.00000	6.96 (21)	.500
Trend Slope	.00000	2.01 (21)	.500
Reform Slope	.00000	24.89 (21)	.252
Sigma Squared	.00156		
Total Variance	.00156		
	Variance Components for Table 4		
Construction			
Intercept	.00002	85.90 (46)	.001
Slope	.00000	74.11 (46)	.006
Sigma Squared	.00023		
Total Variance	.00025		
Building Permits			
Intercept	.00018	46.60 (45)	.406
Slope	.00001	86.55 (45)	.000
Sigma Squared	.00145		
Total Variance	.00164		
Property Tax			
Intercept	.00000	16.48 (33)	.500
Slope	.00000	11.56 (33)	.500
Sigma Squared	.00156		
Total Variance	.00156		

endnotes

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