

BB&T Takes a Stand on Eminent Domain

BB&T Corp. recently announced that it will not make loans to developers for projects that use land taken from other private citizens through eminent domain. BB&T's Chairman, John Allison, states: "The idea that a citizen's property can be taken by the government solely for private use is extremely misguided, in fact it's just plain wrong." It's refreshing to see a corporation back its beliefs with its daily operations. BB&T should be commended for its actions to single-handedly fight for our freedoms against an ever-expanding government.

BB&T's announcement comes in response to last June's *Kelo v. City of New London* Supreme Court case in which the court declared that governments can forcibly take private property and redistribute it to other private entities under the guise of "promoting economic development." In her dissent, Justice O'Connor noted that to allow the taking of private property for economic development "is to wash out any distinction between private and public use of property."

She could not be more correct. With the new ruling, none of us have security in our private property. Your property can be taken by government, and given to another private owner, if they can create more economic activity than you with it.

The ruling did, however, leave the option for individual states to curtail the use of eminent domain. House Bill 4048, which as of last Friday had passed the House of Delegates and was pending in the Senate Economic Development Committee, would ensure that eminent domain could not be used to seize private property for retail, office, commercial, industrial and residential development. In no uncertain terms, passing this bill would be a tremendous step toward increasing economic freedom for the State of West Virginia. House Bill 4048 should be enacted into law.

Opponents of the bill cite the lack of an exemption that would allow cities to declare property 'blighted,' then seize it. Such a loophole would severely compromise the bill's strength. The Fifth Amendment to the U.S. Constitution authorizes eminent domain *only* for true public use. A local official not approving of the appearance of my 'blighted' property does not meet this criterion. Eminent domain was intended for building highways and other public infrastructure, not for seizing private property to give to other private owners, *regardless* of the reason.

The focus of the legislation is to protect private property from confiscation. As Supreme Court Justice Robert Jackson wrote in *West Virginia State Board of Education v. Barnette*, "One's right to life, liberty, and property . . . may not be submitted to vote; they depend on the outcome of no election."

An absolutely necessary foundation for long-term growth is secure, well-defined property rights. This is particularly true in West Virginia because so much of the state's wealth is tied to property (such as resources in trees and coal).

BB&T has taken a step to help secure the property rights of those within the scope of its business activities. House Bill 4048 would be a terrific step our Legislature could take to immediately enhance the well-being of all West Virginians. If we fail to pass it, we will fall behind the more than 30 other states that have already passed (or are in the process of passing) legislation that restricts the use of eminent domain.

We commend BB&T for doing what is right in the wake of the outlandish Supreme Court decision on eminent domain. Hopefully other banks will follow suit, and House Bill 4048 will be passed into law.

Matt E. Ryan
Russell S. Sobel
Department of Economics
WVU College of Business & Economics