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In Property Rights Case, U.S. Supreme Court Sides With Government.

A St. Croix River private property dispute was settled Friday when the U.S. Supreme Court ruled against a Wisconsin family that wanted to sell shorefront land to finance improvements on an adjacent cabin.

The 5-3 ruling rejected the Murr family's argument that conservation rules unfairly stripped the land of its value and restricted their use of the property, in Troy Township south of Hudson, Wis.

The case was closely watched by property rights and business groups that say it should be easier for landowners to get compensation when government regulations restrict land use.

In oral arguments before the court in March, the family asked the government for compensation, while the government argued that it's fair to view the property as a whole and said the family is owed nothing.

At issue was the constitutional requirement that private property can't be taken for public use "without just compensation."

Justice Anthony Kennedy, joining the court's liberal members in Friday's opinion, called the government's action "a reasonable land-use regulation" meant to preserve the St. Croix River and surrounding land. He said the property as a whole remains valuable and the family could not claim they expected to sell or develop lots that were regulated before they acquired them.

In dissent, Chief Justice John Roberts said the majority had undermined the Constitution's protections for private property owners. Roberts said the court should have relied on state property lines to define the relevant parcel of land rather than consider outside factors.

More than 100 cities and counties across the United States have similar "merger" restrictions that treat two adjacent properties as one if they have the same owner.

The Murrs were represented by an attorney from the Pacific Legal Foundation, a private property advocacy group.

The dispute began in 2004 when four Murr family siblings tried to sell the vacant lot to pay for improvements on a rustic cabin that sits on the plot next door. Their father had purchased the two 1.25-acre lots separately in the 1960s and both parcels had been taxed separately. The lots were later transferred to his children in the 1990s.

St. Croix County, Wis., officials blocked the sale, citing 1976 regulations that bar new construction on lots in the area to prevent overcrowding and pollution on the St. Croix, one of the original eight U.S. Wild and Scenic rivers.

A grandfather clause exempted existing owners, but the county said it didn't apply to the Murrs'

empty lot alone since it was connected to the family's other land.

The Murrs wanted the government to pay what the vacant property was worth — it was assessed at \$400,000 — because regulations prevented them from building on it. A Wisconsin appeals court sided with the county, saying zoning rules did not take away the property's value because the Murrs could still use both lots as a vacation property or sell them as a whole.

BY TRIBUNE NEWS SERVICE | JUNE 23, 2017

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