

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 8049

BILL NUMBER: HB 1608

DATE PREPARED: Feb 16, 1999

BILL AMENDED: Feb 15, 1999

SUBJECT: Annexation provisions.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill changes the notice requirements for certain annexations and specifies the contents of an annexation ordinance.

This bill provides that before a municipality adopts an annexation ordinance, the municipality shall develop a written fiscal plan and establish a definite policy, by resolution of the legislative body that shows the following: (1) Estimated costs of planned services to be furnished to the territory to be annexed. (2) The method or methods of financing the planned services. (3) The plan for the organization and extension of services. (4) That planned services of a noncapital nature will be provided to the annexed territory within one year after the effective date of annexation and that they will be provided in a manner equivalent in standard and scope to those noncapital services provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, or population density. (5) Services of a capital improvement nature will be provided to the annexed territory within four years after the effective date of the annexation, in the same manner as those services are provided to areas within the corporate boundaries regardless of similar topography, patterns of land use, or population density. (6) The plan for hiring the employees of other governmental entities whose jobs will be eliminated by the proposed annexation, although the municipality is not required to hire any employees.

This bill adds the Town of Avon in Hendricks County to the municipalities that may annex territory that: (1) is contiguous to the municipality; (2) has its entire area within the township within which the municipality is primarily located; and (3) is owned by a property owner who consents to the annexation.

All landowners within contiguous territory may petition the municipality to annex the territory.

If a municipality annexes territory that has no population, the annexation may take effect in the year preceding a federal decennial census.

A municipality is required to record a waiver of remonstrance received as a condition of providing a municipal service. This bill extends the deadline for a municipality to provide noncapital and capital services to annexed territory if the municipality implements a tax abatement program in the annexed area.

This bill eliminates the requirement that a municipality hold a public hearing or adopt a fiscal plan in certain annexations.

It specifies when an annexation becomes effective.

This bill provides that a municipality is not required to implement a fiscal plan until all appeals have been concluded.

The procedure that allows landowners to petition the municipal works board for disannexation is eliminated under the provisions of this bill.

The requirements for filing an annexation ordinance or judgment in an annexation proceeding are changed.

This bill provides that in an action against a municipality for failure to provide services, the court may find in favor of the municipality if the failure was due to an emergency.

The legal requirements for filing an annexation or disannexation are met if the annexation is entered by the county auditor on property tax records before July 1, 1999.

Effective Date: (Amended) January 1, 1999 (retroactive); Upon passage; July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) This bill requires that the notice of a public hearing of specific annexations must be sent by certified mail to persons owning real property within the territory proposed to be annexed. The cost of sending an article certified mail through the U.S. Postal Service is \$2.78 (\$1.35 for certification; \$0.33 postage; and \$1.10 for a return signed certification card). This bill could increase the number of individuals who would be required to receive notice of a proposed annexation. Implementation of the provisions of this bill would increase the cost to a municipality. The fiscal impact of this bill is indeterminable.

This bill adds the Town of Avon in Hendricks County to the municipalities that may annex territory that: (1) is contiguous to the municipality; (2) has its entire area within the township within which the municipality is primarily located; and (3) is owned by a property owner who consents to the annexation. When territory is annexed, services need to be extended to that territory. The extension of services to this new territory would create additional expenditures for the municipality.

This bill provides that if all of the landowners within a territory located outside of but contiguous to a municipality want the territory annexed, the landowners may file a petition with a municipal legislative body requesting an ordinance annexing the area described in the petition. The request of the annexation could promote an annexation to take place. If an annexation occurs as a result of this provision, the municipality would have to extend services to the newly annexed territory.

If a municipality annexes territory that has no population, the annexation may take effect in the year preceding a federal decennial census. This provision would allow an annexation to take place earlier than is allowed under current law.

A municipality is required to record a waiver of remonstrance received as a condition of providing a municipal service. The fiscal impact of this provision is minimal and can be done within the existing budget of the municipality.

This bill extends the deadline for a municipality to provide noncapital and capital services to annexed territory, if the municipality implements a tax abatement program in the annexed area. The extension of time to provide noncapital and capital services allows the municipality to spread the cost over a longer period of time.

This bill provides that a municipality is not required to implement a fiscal plan until all appeals have been concluded. The procedure that allows landowners to petition the municipal works board for disannexation is eliminated under the provisions of this bill. The inclusion of these provisions could allow some annexations to continue or remain as the annexation was approved.

Explanation of Local Revenues: (Revised) For the Town of Avon, Hendricks County, the annexation of property broadens the property tax base which tax rates are based on. The existing taxpayers in the municipality usually experience some rate reduction and the annexed taxpayers usually experience a rate hike.

If an annexation takes place as a result of the petition from landowners to annex territory, the landowners in the proposed annexed territory could experience an increase in property taxes and the landowners in the municipality could experience a property tax reduction. If the request is not accepted, there would not be a shift in property taxes.

State Agencies Affected: Indiana Election Commission.

Local Agencies Affected: County recorder; County auditor; Supreme or Court of Appeals, Clerk of the court; Clerk of the annexing municipality; County election board; Township trustee; Town of Avon, Hendricks County.

Information Sources: U.S. Postal Service, Customer Information, (317) 464-6000.