

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

301 State House
(317)232-9855

FISCAL IMPACT STATEMENT

LS 6490
BILL NUMBER: SB 119

DATE PREPARED: Nov 24, 1998
BILL AMENDED:

SUBJECT: Annexation.

FISCAL ANALYST: Beverly Holloway
PHONE NUMBER: 232-9851

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that if a municipality attempts unsuccessfully to annex territory, the municipality may not make further attempts to annex the territory for five years. (Current law provides that if a municipality attempts unsuccessfully to annex territory, the municipality may not make further attempts to annex the territory for two years.)

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Currently, if a municipality attempts unsuccessfully to annex territory, the municipality may not make further attempts to annex the territory for two years. This bill would change from two years to five years the time in which a municipality may attempt to annex territory that the municipality had previously been unsuccessful in annexing. 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. The cost of extending services to the annexed territory would occur if the annexation is successful after the five year waiting period.

Explanation of Local Revenues: The annexation of property broadens the property tax base which tax rates are based on. The existing taxpayers in the municipality usually would see some rate reduction and the annexed taxpayers usually see a rate hike. If the municipality is successful in annexing territory after the five year waiting period, the tax shifts would occur.

State Agencies Affected:

Local Agencies Affected: Municipalities annexing territory.

Information Sources: