

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

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7073

BILL NUMBER: SB 385

NOTE PREPARED: Feb 17, 2011

BILL AMENDED:

SUBJECT: Reorganization of a Township and a Municipality.

FIRST AUTHOR: Sen. Charbonneau

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill specifies that a proposed reorganization between a township and a municipality under the government modernization statutes may proceed (notwithstanding any statute enacted by the General Assembly after December 31, 2010, to eliminate or reorganize township government) if: (1) the legislative bodies of the township and the municipality initiate the proposed reorganization before the date on which the elimination or reorganization of township government will occur; and (2) at least 70% of the residents of the township also reside within the municipality.

It provides that if such a proposed reorganization is approved by at least 2/3 of the township legislative body and 2/3 of the municipal legislative body, the reorganization is approved (without a referendum on the proposed reorganization). It also provides that if such a proposed reorganization is approved by the legislative bodies, but without both legislative bodies meeting the 2/3 vote threshold, the proposed reorganization shall be submitted to the voters as otherwise provided in the government modernization law.

The bill provides that if such a proposed reorganization is approved (either by the legislative bodies meeting the 2/3 vote threshold or by the voters in a referendum), the township and the municipality are reorganized in the form and under the conditions specified in the plan of reorganization, notwithstanding the reorganization or elimination of township government.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill will have indeterminate fiscal impact. To the extent that a township and municipality could work more efficiently or avoid duplication of services, costs could be reduced. However, the savings achieved will vary based on the reorganization undertaken. The actual cost of reorganization will also vary, but will likely require additional expenditures for reorganization planning, and if the reorganization is ratified by less than 2/3 of both the municipal and township legislative bodies, the cost of elections.

Background: The bill will only have effect if a statute is enacted by the General Assembly to eliminate or reorganize township government. Depending on the conditions of township government reorganization enacted by the General Assembly, a municipality that agrees to reorganize with a township before the township is terminated or reorganized may absorb costs that otherwise would have transferred to the county. The bill will only have effect in areas where 70% of the residents of the township also reside within the municipality.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Municipalities and townships, possibly counties.

Information Sources:

Fiscal Analyst: Karen Firestone, 317-234-2106.