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FISCAL IMPACT REPORT

SPONSOR: Burpo DATE TYPED: 02/12/01 HB 549
 SHORT TITLE: Annexation of a Territory SB _____
 ANALYST: Padilla

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
			NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 286, which amends the municipal code to clarify conditions that must be met before the Municipal Boundary Commission can order the annexation of property.

SOURCES OF INFORMATION

LFC files
 Attorney General
 State Land Office

SUMMARY

Synopsis of Bill

House Bill 549 amends the municipal code to require the approval of a majority of residents in a territory before the Municipal Boundary Commission (MBC) can order annexation of that territory. The bill also authorizes the MBC to use its discretion in approving or disapproving an annexation petition even if all the statutory elements for annexation are met.

Significant Issues

By requiring the consent of the majority of residents, the bill would eliminate the MBC as an independent agency used by municipalities to annex properties involuntarily.

By allowing the MBC to use its discretion in approving annexation petitions, approval of annexation petitions that meet all statutory criteria will be less certain. Currently, the MBC *must* approve annexation petitions when statutory criteria are met.

FISCAL IMPLICATIONS

House Bill 549 -- Page 2

The bill contains no appropriation.

Depending on the method used to determine whether residents favor annexation and the costs associated with that method, there could be fiscal implications for the MBC and/or municipalities.

ADMINISTRATIVE IMPLICATIONS

The Municipal Boundary Commission has no budget or staff. The Department of Finance and Administration provides limited staff support. House Bill 549 could require DFA to provide additional staff support in order for the MBC to meet the increased standards for annexation.

TECHNICAL ISSUES

The bill does not outline how the MBC will determine whether a majority of a territory's residents favor annexation.

The bill also does not define "resident." Would children be included as residents of a territory proposed for annexation?

OTHER SUBSTANTIVE ISSUES

The Attorney General's office believes the bill may effectively eliminate one of the primary purposes for the existence of the MBC. The MBC currently exists as an independent state entity to approve *involuntary* annexation petitions by municipalities and landowners. The AG's office believes that the addition of the requirement for resident agreement to annexation is inconsistent with the intent of the statute that created the MBC.

The AG's office also notes that the term "residents" rather than "landowners" may create legal difficulties such as verifying legal residence and unequal treatment to large landowners. The use of the term "residents" may also unintentionally expand legal standing to residents for purposes of appeal of annexation approvals to the MBC. Currently, appeals are limited to landowners in the area annexed.

AMENDMENTS

The AG's office recommends changing the term "residents" to "landowners".

The AG's office also recommends authorizing the MBC to appoint a hearing officer to resolve annexation disputes and preliminary legal matters between municipalities competing to annex the same property.

LP/ar