

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 279 - HB 475

March 1, 2013

**SUMMARY OF BILL:** Requires municipalities annexing due to a petition by a majority of property owners and residents of the affected territory, or upon own initiative, to preserve the prosperity of such municipality, and to receive approval by majority vote of the potentially-annexed residents in a referendum prior to annexation.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – To the extent any referendum is held in conjunction with regularly-scheduled elections, any increase in local government expenditures is considered not significant. However, if a special referendum is required, the mandatory increase in local government expenditures is reasonably estimated to exceed \$8,000. Due to several unknown factors, any change in local government property tax revenue cannot be quantified.**

Assumptions:

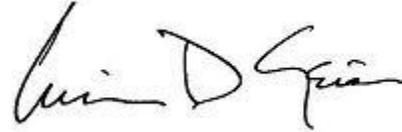
- Pursuant to Tenn. Code Ann. § 6-51-102(a)(2), municipalities annexing territory adjoining the existing municipal boundaries upon their own initiative are required to hold a referendum of potentially-annexed residents at the expense of the annexing municipality.
- Referendums held pursuant to this bill are expected to follow the same operational provisions as those provided in Tenn. Code. Ann. § 6-51-102(a)(2).
- If the required referendum is held in conjunction with a regularly-scheduled county election, any increase in local government expenditures is estimated to be not significant.
- Any local government holding a special referendum would incur one-time expenditures; however, the cost will vary based on the population of the local government holding the referendum.
- According to the State Division of Election of the Department of State, special referendum costs for a municipality range between \$8,800 (the city of Luttrell with a population of 1,080) and \$500,000 (the city of Memphis with a population of 646,900).
- It is indeterminable the number of municipalities that will desire to annex territory, the extent of property desired to be annexed, the value of any such properties, the extent of

subsequent economic development that would occur on any annexed property, and whether majority vote was to accept annexation. Due to these unknown variables the fiscal impact to local government property tax revenue cannot be reasonably quantified.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name being the most prominent.

Lucian D. Geise, Executive Director

/jrh