

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1054 - HB 1263

March 15, 2013

SUMMARY OF BILL: Requires municipalities whose annexations become effective by court order to send written notice to all newly-annexed property owners by First-Class mail. If a judge holds the annexation proposal as valid, the municipality may request the court to consider a deferred effective date for annexation validation. Prohibits municipalities from assessing property within annexed territories unless the property was annexed prior to January 1 of the year in which the assessment is to be made; applies to assessments made on or after January 1, 2012. Establishes minimum requirements to be included in an annexing municipality's plan of services.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$1,000*

Other Fiscal Impact – Due to several unknown factors, any change in local government property tax revenue cannot be determined.

Assumptions:

- This bill will result in impact to local governments only.
- The number of newly-annexed property owners in each annexation case is indeterminable; therefore, the number of notifications each municipality will be required to send by First-Class mail is unknown. However, the recurring increase in local government expenditures is reasonably estimated to exceed \$1,000 per year statewide.
- Establishing minimum requirements for the plan of services will not result in an increase in local government expenditures.
- Due to multiple unknown factors, such as the number of municipalities that will annex territory, the number of future annexed territories, the value of land within the annexed territories, the extent of future development on any annexed territories, a precise fiscal impact to local government property tax revenue cannot be determined.

*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 "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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