

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2472 - HB 2469

February 22, 2014

SUMMARY OF BILL: Extends, until May 15, 2015, the moratorium placed on the ability of municipalities to extend any corporate limits by means of annexation by ordinance upon the municipality's own initiative pursuant to Tenn. Code Ann. § 6-51-102, when annexing real property primarily for residential or agricultural purposes. Requires the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to complete a comprehensive review and evaluation of the efficacy of state policies established within Tenn. Code Ann. Title 6, Chapters 51 and 58 and to submit a written report of findings and recommendations to the Speaker of the House of Representatives and the Speaker of the Senate no later than February 1, 2015.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

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

Assumptions:

- According to TACIR, any cost associated with the required review can be accommodated within existing resource without an increased appropriation or a reduced reversion.
- Pursuant to Tenn. Code Ann. § 6-51-102, municipalities may annex when petitioned by a majority of the residents and property owners of the affected area, or upon their own initiative when it appears that the prosperity of the municipality will be materially retarded.
- The bill would prevent municipalities from annexing territory being used primarily for residential or agricultural purposes upon their own initiative by ordinance; however, it would still allow municipalities to annex if petitioned by residents and property owners.
- It is indeterminable the number of instances in which municipalities annex territory upon their own initiative as opposed to annexation by petition of residents, the number of municipalities that will be prevented from annexing territory as a result of the provisions of this bill as amended, the extent of economic development that would have occurred on any annexed property, and the value of any such property that would be acquired by the municipality. Due to these unknown factors, the fiscal impact to local government property tax revenue cannot be reasonably determined.

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" and last name "Geise" clearly distinguishable.

Lucian D. Geise, Executive Director

/jrh