

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

LS 7347
BILL NUMBER: HB 1362

NOTE PREPARED: Feb 13, 2025
BILL AMENDED: Feb 11, 2025

SUBJECT: Annexation.

FIRST AUTHOR: Rep. Hall
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill, with certain exceptions, requires a municipality that initiates an annexation to file with the court an annexation petition approved by the signatures of: (1) at least 51% of the owners of land not exempt from property taxes in the annexation territory; or (2) the owners of at least 75% in assessed valuation of land not exempt from property taxes in the annexation territory.

The bill requires the court to hold a hearing if the petition has enough signatures. It adds provisions for determining the validity of signatures and provides that a landowner may enter into an agreement to consent to a future annexation in certain circumstances

The bill also eliminates the following: (1) Remonstrances and remonstrance waivers. (2) Reimbursement of remonstrator's attorney's fees and costs. (3) Adoption of a fiscal plan for voluntary annexations requested by 100% of landowners in the annexation territory. (4) Settlement agreements in lieu of annexation. (5) Provisions regarding contiguity of a public highway.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues: Remonstrances against annexations are eliminated by the bill, which may result in fewer filings in circuit and superior courts and reduced revenue from court fees to the state General Fund.

Additional Information - In a municipal-initiated annexation, the municipality will file its petition with the court. Civil action filing fees are not applicable to an action brought by the political subdivision.

Explanation of Local Expenditures: The bill will have an indeterminate impact on the municipal cost of annexation based on the type of annexation (voluntary or municipal-initiated) undertaken on or after May 15, 2025. For example, a municipality would no longer have authority to collect signatures for a voluntary annexation, but it would have authority to collect petition signatures for a municipal-initiated annexation.

Municipalities would no longer be required to adopt fiscal plans for voluntary annexations petitioned by 100% of the landowners.

Court caseload may be impacted with a change from court cases involving remonstrances to the court approving municipal petitions for annexation and hearings on annexations, or on denied voluntary annexations. Additionally, the attorney's fees (in an amount not to exceed \$37,500) that may be awarded by the court to a successful remonstrator from the municipality is eliminated under the bill.

Explanation of Local Revenues: A waiver of the right of remonstrance is void for annexations ordinances adopted on or after May 15, 2025, and the revenue from the fee charged by the county recorder to record the waiver on the title will be reduced.

State Agencies Affected:

Local Agencies Affected: Municipalities, circuit and superior courts, taxing units; County and municipal redevelopment commissions.

Information Sources:

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