



March 27, 2023

SUMMARY OF BILL AS AMENDED (006368): Prohibits a municipal planning commission or regional planning commission (Planning Commission) from adopting a development plan (Plan) that vests a municipality with the authority to exercise planning or zoning authority over property outside of the jurisdictional boundaries of the municipality, until and unless such property is annexed by a municipality.

Provides that if a Plan vesting a municipality with such powers over unincorporated territory was adopted prior to this act, then a municipality is required to comply strictly with the parameters of the Plan. Requires a municipality's jurisdiction over such territory to cease to exist once the municipality has fulfilled its obligations under a Plan, until and unless such property is annexed by the municipality.

Permits a CLB to adopt the following provisions by resolution: (1) a municipality must send a copy of the annexation resolution by certified mail to the chair of the county legislative body (CLB) and the annexation process is delayed until such notice is received; (2) a municipality shall not act on an annexation proposal until the applicable CLB approves the annexation by resolution; and (3) a municipality shall not approve an annexation proposal if the applicable CLB disapproves the annexation by resolution or if the municipality does not receive the resolution of CLB approval within 60 days of the county receiving notice of the proposed annexation.

FISCAL IMPACT OF BILL AS AMENDED:

Other Fiscal Impact – Due to multiple unknown factors, a precise impact to local government revenue and expenditures cannot be reasonably quantified.

Assumptions for the bill as amended:

- The proposed legislation repeals Tennessee Code Annotated § 13-7-301 – 13-7-306, which authorizes municipalities to establish zones or districts in territory outside of a municipality. Municipalities are required to provide the applicable county mayor six months' notice of intent to adopt a zoning ordinance and to hold a public hearing.
- Under the proposed legislation, a Planning Commission could not vest a municipality with zoning or planning authority over a territory outside the municipality's boundaries unless the municipality annexed such territory; it is not known which, if any, municipalities would elect to annex property.

- Annexation proceedings require a public hearing; therefore, the net impact of removing the public hearing requirement under Tenn. Code Ann. § 13-7-303 is considered not significant.
- Any increase to local expenditures for annexation proceedings cannot be estimated, but is considered permissive.
- It is not known how many Plans currently permit a municipality to exercise zoning or planning authority outside of its boundary. Depending on the use and regulation of such land, removing this authority may result in a decrease to local revenue, the extent and timing of which cannot be determined.
- Upon adoption of a resolution by the CLB, to annex territory, a municipality would have to send a copy of the resolution to the chair of the applicable CLB and receive approval from that CLB.
- Adoption of a provision regarding annexation proceedings will occur at a regularly scheduled meeting of a CLB, resulting in no significant impact to local expenditures.
- Tennessee Code Annotated § 6-51-104 (b) requires municipalities to send by first-class mail a copy of an annexation resolution to each property owner of record within the territory proposes.
- Requiring a municipality to send such notice to the CLB will not result in any significant increase to local expenditures.
- It can be reasonably assumed that prohibiting municipalities from annexing territory without approval from a CLB will lead to fewer territories annexed by municipalities. Given that such territories would remain under their current jurisdictions, the fiscal impact to local government is estimated to be not significant.
- Should a CLB approve a proposal for annexation, there may be a shift in the provision of certain services from the county to the municipality, resulting in a shift in revenue to the municipality for those services, as well as an increase in revenue for zoning regulations and property taxes.
- Due to unknown factors, such as how many municipalities will annex territory as a direct result of the prohibitions regarding Plans, which CLBs will adopt annexation provisions requiring CLB approval, and whether such approval will be granted to municipalities, a precise impact to local government revenue and expenditures cannot be quantified.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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