



February 2, 2024

**SUMMARY OF BILL:** Specifies that a referendum is not required to effectuate municipal annexation of territory under certain circumstances.

**FISCAL IMPACT:**

**Other Fiscal Impact – A precise impact to local government revenue and expenditures cannot be reasonably quantified. Municipalities may also experience permissive cost avoidances associated with referendums.**

Assumptions:

- Any action taken by a municipality to annex property by resolution is permissive.
- Pursuant to Tenn. Code Ann. § 6-51-104(a)(2)(A), a referendum is required to effectuate municipal annexation of territory unless all property owners within the territory consent in writing.
- The proposed legislation would also permit annexation without a referendum if:
  - Two-thirds of the property owners within the territory proposed for annexation consent in writing;
  - The total area of the property owned by the owners consenting to annexation is more than one-half of the territory proposed for annexation; and
  - The proposed annexation consists of nine or fewer parcels.
- Reducing the number of consenting property owners required to avoid a municipal referendum for annexation may lead to avoiding the local costs associated with such referendums. The extent and timing of such cost avoidances cannot be reasonably quantified.
- If the proposed legislation does result in a municipality annexing territory, there will be a shift in the provision of certain services from the county to the municipality, and a corresponding shift in revenue to the municipality for those services, as well as an increase in revenue for zoning regulations and property taxes.
- Any changes or shifts would result from permissive actions of municipalities, which cannot be predicted; therefore, a precise impact to local government revenue and expenditures cannot be reasonably quantified.

**CERTIFICATION:**

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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