

Section 2 of SB 97 HCS would establish a statute of limitations of 2 years to challenge annexation. After 2 years if there is no challenge the area would be conclusively deemed validly annexed.

Section 3 of the bill would amend KRS 65.012 to authorize a petitioner other than a natural person (i.e., a business or other organization) to petition for an election to contest annexation, and establishes requirements with which that business or organization must comply for its petition to be valid.

SB 97 HCS would impose no mandate on local governments. The general consensus is that the incidental impact of the bill would be minimal to moderate. The bill could have a minimal positive fiscal impact on counties in that broadening standing to challenge annexation would help curb unwanted annexation. In the opinion of the Kentucky County Judge Executives Association passage of SB 97 would not increase potential for annexation and loss of revenue over current potential.

The bill could result in a need for training of county clerks on new petition requirements. County clerks receive frequent training and so any additional training expense required by SB 97 HCS would be minimal.

Allowing cities standing to challenge an election defeating annexation would have a positive fiscal impact because, while the city would incur litigation costs if it opted to challenge, if it prevailed it would receive in perpetuity the additional tax revenues generated by that property and potential activity on it. Reducing the time period in which annexation may be legally challenged from 5 to 2 years could save cities substantial money in back taxes that must be paid taxpayers in an annexed territory if a judge later voids the annexation.

Part III: Differences to Local Government Mandate Statement from Prior Versions

The HCS version to this bill does not have any fiscal changes from the General Assembly version.

The GA version to this bill does not have any changes from the bill as introduced. There were no committee substitutes or floor amendments adopted.

Data Source(s): Kentucky County Judge Executives Association; Kentucky League of Cities; Kentucky County Clerk's Association; LRC Staff

Preparer: Mary Stephens **Reviewer:** _____ **Date:** _____