

Local Government Mandate Statement
Kentucky Legislative Research Commission
2018 Regular Session

Part I: Measure Information

Bill Request #: 1184

Bill #: SB 97 GA

Document ID #: 2466

Bill Subject/Title: AN ACT relating to municipal annexation.

Sponsor: Senator Rick A. Girdler

Unit of Government: City County Urban-County
Unified Local
 Charter County Consolidated Local Government

Office(s) Impacted: county clerks; mayors; county judge executives

Requirement: Mandatory Optional

Effect on
Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

KRS Chapter 81A governs the procedure for a city to annex territory. Under current law KRS 81A.420 (2) authorizes only resident voters or owners of real property within the territory proposed for annexation to petition to contest annexation.

SB 97 **Section** 1 would create a new section of KRS Chapter 81A to expand those who have standing, to legally challenge annexation by a city of territory in which no one resides. Under SB 97 any person who owns property within the area proposed for annexation or annexed or who owns property directly adjoining a parcel of land proposed for annexation or annexed would have standing under the bill to contest annexation in court. That Section would also provide that, if annexation is opposed by petition to the mayor of the city proposing annexation (as required by KRS 81A.420) and annexation is defeated by election, the city that proposed annexation would have standing to contest the results of the election.

Section 2 of SB 97 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 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 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 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:** KHC **Date:** 2/12/18