

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1775H.01I
Bill No.: HB 631
Subject: Political Subdivisions; Cities, Towns, and Villages; Annexation; Counties
Type: Original
Date: March 11, 2025

Bill Summary: This proposal modifies provisions relating to annexation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*Cost to provide for all municipal services to the annexed area.

FISCAL ANALYSIS

ASSUMPTION

§§71.012 & 71.015 – Annexation by Certain Cities

Officials from **O’Fallon** assume a cost of over \$100,000 each year.

Oversight has requested additional information from the City of O’Fallon regarding their potential cost of over \$100,000 annually. Upon the receipt of this information, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note if needed.

Officials from the **Little Blue Valley Sewer District (LBV)** assume this proposal would require LBV to schedule additional meetings with committees. These committees approve the budget as submitted and recommend passage to the Board of Trustees. If LBV cannot get the meeting scheduled with the other committee members, this would cause a delay in getting the budget to the Board and passage in a timely manner.

Oversight notes the **St. Charles County PWSD #2** responded to the proposal, but did not submit a fiscal impact statement. Therefore, **Oversight** will reflect no fiscal impact for the **St. Charles County PWSD #2** for fiscal note purposes.

Oversight assumes that if the municipality annexes an unincorporated area of the city, the municipality would provide for all municipal services to the annexed area (§71.012.6). Oversight assumes there could be increased cost to the municipality for this annexation. Oversight is unable to project a cost for. Therefore, Oversight will show the impact to municipalities as a \$0 to unknown cost.

Oversight states §71.014 in current law provides an additional annexation procedure for cities in certain counties using a petition process rather than a vote of the residents of the annexed area. This proposal would repeal this section and have no fiscal impact on the proposal.

Officials from the **Department of Natural Resources**, the **Missouri Department of Transportation**, the **Office of the Secretary of State**, **Kansas City**, **Osceola**, **Jackson County Election Board**, the **Kansas City Election Board**, the **Platte County Board of Elections**, the **St. Louis City Board of Elections**, the **St. Louis County Board of Elections**, the **Branson Police Department**, the **Kansas City Police Department**, the **St. Louis County Police Department**, the **Metropolitan St. Louis Sewer District**, the **Osceola Water/Wastewater District**, the **South River Drainage District**, the **Wayne County PWSD #2** and **Office of the State Courts Administrator** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, county assessors, county circuit clerks, police departments, fire protection districts and utility districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
MUNICIPALITY FUNDS			
<u>Cost</u> – services provided to newly unincorporated areas that are annexed into the municipality (§71.012)*	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
ESTIMATED NET EFFECT ON MUNICIPALITY FUNDS	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current law provides that a city, town, or village may annex an unincorporated area that is contiguous and compact to its existing corporate limits.

This bill specifies that the term "contiguous and compact" includes a situation whereby at least 25% of the length of the perimeter of the unincorporated area is contiguous with the annexing city, town, or village.

The bill prohibits a city, town, or village from annexing an unincorporated area contiguous to another unincorporated area annexed by the same city, town, or village within 24 months.

This bill requires a city, town, or village that annexes an unincorporated area to provide all municipal services to the annexed area.

Current law provides an additional annexation procedure for cities in certain counties using a petition process rather than a vote of the residents of the annexed area. This bill repeals this annexation procedure.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

O'Fallon
Little Blue Valley Sewer District
St. Charles County PWSD #2
Department of Natural Resources
Missouri Department of Transportation
Office of the Secretary of State
Kansas City
Osceola
Jackson County Election Board
Kansas City Election Board
Platte County Board of Elections
St. Louis City Board of Elections
St. Louis County Board of Elections
Branson Police Department
Kansas City Police Department
St. Louis County Police Department
Metropolitan St. Louis Sewer District
Osceola Water/Wastewater District
South River Drainage District
Wayne County PWSD #2
Office of the State Courts Administrator



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