

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6180

BILL NUMBER: HB 1065

NOTE PREPARED: Feb 9, 2021

BILL AMENDED:

SUBJECT: Fire Protection Territories.

FIRST AUTHOR: Rep. Mayfield

FIRST SPONSOR: Sen. Niemeyer

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Establishing or Expanding a Territory:* The bill provides that the procedure for adopting an ordinance or resolution to establish a fire protection territory applies to expanding an existing territory. It specifies that with regard to an ordinance or resolution to establish or expand a territory, the unit must hold three separate public hearings to hear public comment regarding the proposed territory before adoption of the ordinance or resolution, with the last public hearing held not later than 10 days before the ordinance is adopted.

Disposition of Property: The bill also provides that an ordinance or resolution establishing or expanding a territory must include an agreement as to the disposition of the territory's property when a participating unit withdraws or the territory is dissolved.

Board Members: The bill establishes residency requirements for members of a joint executive board of a territory.

Effective Date: July 1, 2021.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Establishing or Expanding a Territory:* The bill could potentially increase costs to establish or expand a fire protection territory by adding one public meeting to the number of meetings needed prior to adopting an ordinance or resolution.

Disposition of Property: If a unit or fire protection district chooses to withdraw from the fire protection territory, current law indicates that real property reverts to the participating unit that transferred it. If a fire protection territory would otherwise resort to litigation to resolve the disposal of property, predetermining the disposal of property in the initial territory planning may provide a cost-savings to the units or fire protection districts that formed the fire protection territory and provide a savings in workload for the courts.

Board Members: The bill also provides the membership of a joint executive board for administration, budget, and fiscal responsibilities of a fire protection territory. The board is to have one member from each participating unit. The bill does not comment on board member compensation. The bill may have an indeterminate impact of the pool of candidates available to serve on a board, as the bill does not allow two members to live in the same municipality, fire protection district, or unincorporated area of a township or county. To the extent that these areas overlap, the number of potential candidates could decrease, impacting the selection of members.

Additional Information - Under the bill, each proposing unit or fire protection district would be required to receive public comment on a proposed ordinance or resolution at a public meeting, adding at least one additional meeting to the current process.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local units, fire protection districts, fire protection territories.

Information Sources:

<https://indianatownshipassoc.org/wp-content/uploads/2016/10/Is-It-Time-to-Form-a-Fire-Territory.pdf>

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