Purpose:

Public Chapter 707, Acts of 2014, directs the Commission to complete the comprehensive review and evaluation of the efficacy of state policies set forth in Title 6, Chapters 51 and 58, that was first initiated with Public Chapter 441, Acts of 2013, and that the Commission provided an interim report on in January 2014. The interim report included analysis of several bills dealing with annexation and municipal boundaries and research initiated by the Commission reviewing the legal status of local governments’ 20-year growth plans, the legal status of plans at the end of 20 years, and potential improvements to the planning process. Public Chapter 707 requires that the Commission report to the Speaker of the Senate and the Speaker of the House on or before February 15, 2015.

Background

Annexation disputes amongst counties, cities, and affected residents have been a recurring theme in Tennessee’s history. Tennessee’s Growth Policy Act (Public Chapter 1101, Acts of 1998) was an effort to resolve these disputes by requiring each county to prepare a 20-year growth plan laying out where future growth and annexation could occur. Public Chapter 1101 allowed cities to annex by ordinance within their urban growth boundaries without a referendum. Public Chapter 707 eliminates annexation by ordinance and requires either an owner’s consent or a referendum for any annexation.

Step 1. Define the Problem

A number of technical details related to how Public Chapter 707 will be implemented require further study, many of them raised by legislators as it and related bills worked their way through the committee process. And several questions about potential improvements in the growth planning law raised in the Commission’s interim report on Public Chapter 441 have not yet been fully resolved.
Step 2. Assemble Some Evidence

- Review committee hearing on the bill and record comments and concerns of committee members, the bill sponsor, and others speaking for or against the bill.

Change of Municipal Boundaries (Title 6, Chapters 51 and 58)

- Review issues resolved by 2014 legislative session
  - annexation methods
  - annexation of agricultural property
  - extension of utilities beyond municipal boundaries
  - vesting of rights to develop according to standards in place when permit or plan approved

Annexation

- Review information gathered for the interim report on how annexation by referendum works in Tennessee and other states.
  - Who can vote?
  - Who is notified?
  - Who pays for referendum?
  - Where, when, to what effect it has been used?
  - What other general election laws need to be considered?

- Identify what changes if any Public Chapter 707 made to the referendum law in Tennessee.

- Review law to identify inconsistencies and ambiguities created by deletions and additions made by Public Chapter 707.

Public Hearings and Informational Meetings

- Review information gathered for the interim report on how public hearings work in Tennessee and other states.

- Review information gathered for the interim report on how informational meetings work in other states.
  - Describe North Carolina informational meeting statute in more detail.

Providing Municipal Services

- Review information gathered for the interim report on how plans of services work in Tennessee and other states.
  - Should there be a statutory timeline for implementation of plans of services?
Should timelines be shorter or longer depending on the array of services offered?
Should timelines vary with type of service?

**Mutual Adjustment of Boundaries**
Review information gathered for the interim report on how mutual adjustment of boundaries is handled in Tennessee and other states.

**Annexation of Agricultural Land**
- Review changes Public Chapter 707 made to the law governing annexation of agricultural land.
- Review information gathered for the interim report on how annexation of agricultural land works in Tennessee and other states.

**Deannexation**
- Review information gathered for the interim report on how deannexation works in Tennessee and other states.

**Allocation of Tax Revenue after Annexation**
- Review information gathered for the interim report on how allocation of tax revenue after annexation works in Tennessee and other states.
- Review what can be done to make counties aware of end of hold-harmless.

**Comprehensive Growth Plans**

**Growth Plans**
- Review remaining significance of growth plans.
- Describe changes Public Chapter 707 made to growth plan requirements.
- Describe potential improvements to the planning process.
- Review information gathered for the interim report on how growth plans work in Tennessee and other states.

**Joint Economic and Community Development Boards (JECDBs)**
- Review information gathered for the interim report on how JECDBs work in Tennessee and other states.

**Step 3. Construct Alternatives**
Staff will develop a list of possible alternatives based on the information gathered in Step 2.
Alternatives will be based on
   a. current law,
   b. alternatives discussed in the interim report on Public Chapter 441 and not resolved during the 2014 legislative session, and
   c. any additional alternatives drawn from research and analysis in Step 2.

Each alternative will be described specifically enough to project outcomes in Step 5.

**Step 4. Select Criteria**

Staff will use the following criteria to evaluate the outcomes generated in Step 5:

- **Efficiency of**
  - the annexation process and
  - resulting service provision.

- **Fairness to**
  - city residents,
  - residents in unincorporated areas, and
  - non-resident property owners.

- **Estimate cost to**
  - cities and
  - counties.

- **Estimate the receptiveness of**
  - city residents,
  - residents in unincorporated areas,
  - non-resident property owners, and
  - local officials who will be required to implement the alternatives (i.e., ability and willingness of the administration to implement).

Additional criteria may be identified in Step 2.

**Step 5. Project Outcomes**

For each alternative constructed in Step 3, the staff will

- estimate cost,
- estimate effectiveness,
- evaluate questions of fairness, and
• estimate the acceptability to various interests.

Step 6. Confront Trade-offs

• What are the pros and cons of the potential solutions?
• What are the “best bets” for this particular situation?

Step 7. Decide which alternatives to present to the Commission

Based on the results of Step 6, choose the alternatives that most practically and realistically resolve the problem.

Step 8. Produce the Draft Report

Develop and present a draft for review and comment to the Commission.

Revisit Steps 5-8.

• Revise and edit the draft to reflect comments of the Commission.

• Submit final report to the Commission for approval.
• Problem Statement and Research Plan
  • May 2014

• Continued Research
  • Step 2 (June 2014 thru mid-July 2014)
  • Present update to Commission
  • Steps 3-4 (late July thru mid-August 2014)
  • Steps 5-7 (mid-August thru early September 2014)

• Storyboard, Outline, and Write the Report
  • September-October 2014

• Draft Report to the Commission for Comments
  • November 2014 Commission Meeting

• Final Report to Commission for Approval
  • January 2015 Commission Meeting