

Fiscal Estimate for WLC: 0132/1

(a) 2005 WLC: 0132/1: This bill draft simplifies the content and departmental review requirements for intergovernmental agreements between towns, cities, and villages known as cooperative plans and agreements pursuant to s. 66.0307, Stats. This bill draft also establishes a mediated agreement procedure and requires the department to review certain types of annexations in all counties for a limited amount of time if a city or villages refuses to engage in mediation. This bill draft requires the department to make available on its website a list of persons who have identified themselves as professionals qualified to facilitate alternative dispute resolution for annexation, boundary, and land use disputes.

(b) Assumptions for estimate:

1. Current law provides three statutory mechanisms for resolving intergovernmental disputes over territory. These are s. 66.0225, Stats., stipulations and orders; s. 66.0301, Stats., general intergovernmental agreements; and s. 66.0307, Stats., boundary change by cooperative plan and agreement. The department is currently responsible for providing technical assistance, review and approval of the third form of intergovernmental agreements, s. 66.0307, Stats.,.
2. This draft would limit the use of s. 66.0225, Stats., stipulations and orders to only the territory in litigation, and prohibit inclusion of other territory unless the municipalities involved choose to enter into an agreement under ss. 66.0301 or s. 66.0307, Stats., and have the court include the agreement in the final judgment dismissing the complaint.
3. This draft amends 66.0301, Stats., to reflect some of the notice, referendum, and process requirements of s. 66.0307, Stats., agreements, and expressly authorizes boundary changes without necessarily relying upon annexation, and would permit agreements to last for up to 10 years, at which time the municipalities could revert back to the annexation statute, or enter into another s. 66.0301, Stats., agreement. By adopting language from s. 66.0307, Stats., agreements, this draft also provides exclusive authority to determine boundary lines, which means that s. 66.0217, Stats., the annexation law, need not be utilized.
4. The preceding statutory language changes proposed for ss. 66.0225 and 66.0301, Stats., stipulations and orders and general intergovernmental agreements, include language grandfathering existing arrangements under these statutes. The likely effect of these changes will be to increase the number of s. 66.0301, Stats., agreements because their legitimacy will now be certain.
5. This draft changes the existing criteria for s. 66.0307, Stats., cooperative boundary agreements approved by the department, by making the purpose of the plan and agreement consistent with a comprehensive plan adopted under s. 66.1001, Stats., and considerably simplifies and reduces the time required for departmental review by tying departmental approval to the comprehensive plans of the participating municipalities,

and eliminating the requirement that the department find that the agreement identifies and addresses environmental consequences and housing needs.

6. This draft allows one of the participating parties, if they have adopted a s. 66.1001, Stats., comprehensive plan, to petition the department for mediation of a cooperative plan by adopting an authorizing resolution and requesting in writing that the counterpart municipality similarly adopt an authorizing resolution. If after 90 days nothing has occurred, and the department receives a petition for mediation, the department notifies the non-petitioning municipality and requests that it notify the department whether or not it agrees to engage in mediation. Failure to comply is considered notice that the municipality chooses not to participate in mediation.
7. Failure of a town to participate in mediation results in the town not being able to contest any annexation of territory to a petitioning city or village for 270 days. If a city or village fails to engage in mediation when so requested by a town, any annexation of territory may be contested by the town if the department finds that the annexation is against the public interest. This bill draft instructs the department to review all annexations to the city or village without regard for the 50,000 population limitation for a period of 270 days after refusal to mediate, or until the city or village engages in mediation. Current law provides that the department only reviews annexation in counties of 50,000 or more population.
8. If the parties act on each other's request for a mediator, the bill draft authorizes the department to assist with the selection of a mediator.
9. This draft instructs the department to make available on its web site a list of persons who have identified themselves as qualified to facilitate the resolution of annexation, boundary, and land use disputes.
10. Proposed changes to Section 16.53 (14), Stats., provides that the Incorporation Review Board may prescribe and collect fees for departmental review of municipal annexations. Currently this is a two-part fee (\$200 filing fee plus a variable fee based on acreage ranging from \$200-\$2,000); the 277 annexations reviewed in 2004 resulted in \$159,100, or an average fee of \$575 per annexation.
11. No fees are charged participating municipalities when they submit a s. 66.0307, Stats., cooperative plan and agreement to the department for review and approval. Since the effective date of the statute in 1993, the department has approved 15 of these agreements and 2 amendments. One agreement is currently under review. Because of the complexity of s. 66.0307, Stats., many units of government choose instead to use s. 66.0301, Stats., which currently lacks any process standards or threshold requirements for intergovernmental agreements, unlike s. 66.0307, Stats.
12. Over time, as towns, cities and villages utilize the revised statutory forms of agreements, this bill draft would likely decrease the number of

annexations reviewed by the department, and increase the number of ss. 66.0301 and 66.0307, Stats agreements.

13. The incorporation review board could choose to retain the existing annexation fee schedule (unchanged since implementation in 2001), increase it, or reduce it.
14. It is unlikely the department will see many annexations pursuant to the clause in the bill draft that directs the department to review annexations from any county for 270 days following a refusal of a city or village to mediate. Furthermore, it is unclear whether review of this type of annexation in counties under 50,000 population would be subject to the review fee requirement.

(c) Long-range fiscal implications

1. If enacted, over time this bill draft will likely substantially reduce the number of annexations occurring statewide as municipalities increasingly choose to transfer territory pursuant to intergovernmental agreement.
2. If enacted, this bill draft will likely increase the department's role in providing information and technical assistance, along with reviewing and approving of cooperative boundary agreements. There is no Departmental funding source or authority to charge fees for intergovernmental agreements. Instead, the Department currently relies on its annexation fee revenue to support this intergovernmental agreement work.
3. Requiring the department to review annexations occurring after refusal of a city or village to mediate has an undeterminable, but probably minimal effect.
4. Requiring the department to maintain a web-accessible list of self-certified mediators capable of handling boundary and land use disputes imposes uncertain one-time start-up costs until the pool of self-identified mediators has identified itself. This list could potentially include several hundred individuals, given the memberships of state mediation associations.
5. Requiring the department to assist municipalities upon request with finding a mediator will not result in long-term costs.

(d) Local fiscal effect

By systematizing intergovernmental agreements, and encouraging dispute resolution, this bill draft has the potential to reduce litigation expenses, and promote service sharing and other intergovernmental activities that will likely result in undetermined cost savings for local units of government.