



Indiana Association of Cities and Towns

February 15, 2011

Dear Senator,

As we struggle to rebound from the economic downturn, there cannot be anything more important to Indiana's cities and towns than economic development and job creation. As heard in testimony given in the Senate Local Government Committee by several economic development experts, Senate bill 69 dealing with annexation matters, staggers economic development growth. **I urge you to vote NO on SB 69**, which is currently on the third reading calendar.

Economic growth and prosperity happens when new businesses can find sites that work for their industry. Generally those sites require city or town utilities (water and sewer). Cities and towns are willing to extend services to new companies in the unincorporated areas, but only if annexation or future annexation is possible. SB 69 severely limits a city or town's ability to annex.

In addition, SB 69 eliminates annexation waivers. Often times, a developer bringing new growth to areas surrounding a city or town will need city/town sewer service. In exchange for residents agreeing to not petition against a future remonstrance, developers can get the utility they need to further growth. While developers may pay for the sewer lines, there is an immediate cost to cities and towns to upgrade lift stations and for maintenance. In other cases, the Indiana Department of Environmental Management (IDEM) mandates that a city or town supply sewer to residents in the unincorporated area because of failing septs. At these times, a remonstrance waiver is also given. SB 69 would stop this practice. Our key concerns with SB 69 are:

- **Eliminating remonstrance waivers is a very problematic for cities and towns and would serve as a disincentive for any municipality to extend water and sewer lines, which are critical for economic development and job creation.**
- **This bill makes involuntary annexation increasingly difficult to achieve. While it is almost always a last resort, there are times when involuntary annexation is necessary for economic development and environmental progress.** In cases where IDEM has mandated cities or towns to supply sewer services, it is only fair that the residents receiving the services pay their part, and not rely on those citizens in the incorporated area to subsidize the costs. Taking this option away is irresponsible.
- **As an attempt to address the economic development concerns, this bill was amended to allow for "spot annexation." This proposal is not workable for cities and towns.** Spot annexation would result in fire and police officers having to drive across unincorporated area to provide services to the "spot" incorporated. It would require cities and towns to run water and sewer lines through unincorporated areas to get to the "spot" area for service. This proposal is not realistic or efficient for local government to implement.
- **Fairness is a concept that comes into play with annexation, and as usual, there are two sides to consider: 1) unincorporated residents, and 2) incorporated residents. Current law balances these sides and allows for due process. SB 69 does not.** We believe it is fair and right that those in the unincorporated area have a strong voice and vote. However, it is also fair and right that those living in the cities and towns are not forced to pay more and thereby subsidize the unincorporated areas, because some people are not willing to pay for the services they are receiving.

SB 69 would most certainly deter economic development and job creation in our state. **I respectfully ask that you vote NO on SB 69.**

Sincerely,

Matthew C. Greller
Executive Director