

The effective date is July 1, 2019.

FISCAL IMPLICATIONS

DFA notes the deannexation of property could lead to the affected municipality losing state or federal funding that is based on population-driven formulas.

DFA warns:

The net fiscal impact of deannexation on municipal finances needs to be explored by the governing body prior to accepting the deannexation petition. While a municipality may undergo lower operating costs included with a smaller area, there may be a new or higher operating cost to the county to provide services previously provided by the municipality.

SIGNIFICANT ISSUES

With deannexation of municipal property, DFA reports, the responsibility for certain services shifts to the county. The cost of those services is dependent on current county, the timing of the deannexation, and the number and location of deannexed properties. Revenue could also shift from the municipality to the county. The Local Government Division recommended the bill be forwarded to TRD for feedback but the agency did not respond.

NMAG notes the bill would allow for deannexation under much looser rules than those in place for annexation. The annexation of land by a municipality involves a hearing, DFA consultation, and a vote by the Municipal Boundary Commission, a three-member group not connected with either the municipality or the townspeople associated with the property.

Under HB605, the governing body of the city is not required to notify owners of all property within lands to be deannexed and the merits of deannexation are never presented in a formal hearing exclusively intended for consideration of the deannexation. NMAG further notes HB605 contains no timelines.

NMAG concludes: “It is possible the bill is drafted to apply to one particular set of circumstances but, even if so, the constitutional regard for property rights may require more detail and more procedural due process than appear in HB605.”

POSSIBLE QUESTIONS

Did a specific property issue lead to introduction of this bill?

HFG/al