

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: _____ Amendment to: SB 2200

Requested by Legislative Council Date of Request: 2-18-97

- Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

See attached.

- State fiscal effect in dollar amounts:

	1995-97 <u>Biennium</u>		1997-99 <u>Biennium</u>		1999-2001 <u>Biennium</u>	
	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>
Revenues:	-0-	-0-	-0-	\$3166	-0-	\$3166
Expenditures:	-0-	-0-	-0-	\$3166	-0-	\$3166

- What, if any, is the effect of this measure on the appropriation for your agency or department:

- For rest of 1995-97 biennium: -0-
- For the 1997-99 biennium: -0-
- For the 1999-2001 biennium: -0-

- County, City, and School District fiscal effect in dollar amounts:

1995-97 <u>Biennium</u>			1997-99 <u>Biennium</u>			1999-2001 <u>Biennium</u>		
<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>
	-0-			\$3166			\$3166	

If additional space is needed, attach a supplemental sheet.

Signed Allen C. Hoberg

Typed Name Allen C. Hoberg, Director

Date Prepared: 02-25-97

Department Office of Administrative Hearings

Phone Number 328-3260

NARRATIVE - FISCAL NOTE
(Engrossed Senate Bill No. 2200)

Under Engrossed Senate Bill No. 2200, an administrative law judge from the Office of Administrative Hearings will preside in annexation hearing and issue a final decision on annexation petitions. An ALJ's participation would be in place of participation by an assistant attorney general and the rest of the Annexation Review Commission (who participate under current law). However, under Engrossed Senate Bill No. 2200, annexation hearings will only be held if mediation fails. This bill requires mediation for all matters that may come before an ALJ in an annexation hearing. Accordingly, whether mediation is successful or not will have a direct impact on the number of annexation hearings to be held. Also, the new language in this bill amending Section 40-51.2-05 may result in more need for mediation of annexation petitions and, correspondingly, more need for annexation hearings, if mediation is not successful.

Under the current law, during the last five years, the Attorney General has received three petitions for constituting an annexation review commission and the commission has held two hearings, issuing two decisions. The Attorney General has just received another request for which a hearing is scheduled in Devils Lake in April. Both of the first two hearings were held in Bismarck. Earlier, annexation hearings have also been held in other locations around the state (one in Grand Forks, for example), and, of course, annexation hearings are likely to be held all around the state, eventually. The Attorney General's office estimates that the average time for the actual hearings for the above two, more recent matters was between five (5) and six (6) hours. The April hearing is scheduled for two days. Of course, if a hearing is held out of town, an ALJ would require some

additional time for travel, the length of time depending upon the location of the hearing. Also, an ALJ would require some preparation time for the hearing and would require substantial time for writing a decision.

Really, the effects of the new language proposed by SB No. 2200 are impossible to gauge as to the number of hearings that may result. All potential hearings may be successfully mediated. The new language in section 40-51.2-05 may mean more mediations and more hearings. The best guess is that at most there may be two annexation hearings per biennium that would be unsuccessful in mediation resulting in an ALJ having to conduct an annexation hearing. But there could certainly be more or fewer. The best guess is that two hearings would require an ALJ to spend a total of about 56 hours on annexation matters per biennium (33 hours for one out-of-town annexation hearing and 23 hours for one in-town annexation hearing). OAH would then bill the annexing city or cities a total of \$3166.00 ($\56.52×56), at its current rates, for annexation hearings work. This would, of course, add to OAH's special fund income a corresponding amount.

If annexation hearings work actually turns out to be as estimated, it would have an insignificant impact on OAH's overall budget and would not necessitate OAH adjusting its budget request either upward or downward. OAH experiences after each legislative session some increase and some decrease in its caseload depending on changes in substantive law. Some of the increases and decreases are more significant than the likely impact of this bill.

This fiscal note does not attempt to determine the fiscal impact of this bill for the establishment of a mediation committee. It would be hard to estimate because the mediation committee concept is new. It is not known how many potential mediation cases there may be. It is not known who the governor's mediation appointee will be. In any event, whatever the fiscal impact of this bill on mediation, it would not affect OAH's budget unless the mediator appointed by the Governor is also someone from OAH. However, that person is more likely to be someone from the Attorney General's office, or someone else.

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