

Policy Memorandum

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GEORGIA STATE UNIVERSITY
ANDREW YOUNG SCHOOL OF POLICY STUDIES
FISCAL RESEARCH CENTER
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SUBJECT: Thoughts Regarding Annexation in Georgia

Prepared by: David L. Sjoquist

The relationship between Georgia counties and cities is frequently contentious, and annexation is an issue that is particularly contentious. At least in part this is due to the roles that counties play in Georgia. First, counties are extensions of State government responsible for carrying out certain state activities, such as courts, health, recording keeping, etc.

But in addition, as a result of Amendment 19, Georgia counties have authority to provide municipal services (for example, police, parks, zoning) to the unincorporated area of the county. Thus, counties have become de facto cities for the unincorporated area, particularly in more urbanized counties.

Having counties act as de facto cities raises three issues:

- First is the issue of representation. County commissioners are voted on by all residents of county, including residents of the cities. The larger the percentage of the county that is incorporated, the less representative the commissioners are of the unincorporated area.
- Second is an equity or double taxation issue. In many counties the municipal services provided to the unincorporated area are finance from the county's general fund. This means that the residents of the cities pay part of the cost of the services provided to the unincorporated area.
- The third issue is annexation. Cities can annex unincorporated areas. But to the extent that the county is acting as a de facto city in the unincorporated area, allowing cities to annex unincorporated areas is like allowing one city to annex part of the land of another city. This is particularly problematic when cities only annex land that has high property value.

Thus, it certainly seems that the current arrangement is flawed, perhaps seriously so.

The basic notion of annexation was to allow cities to expand as the area adjacent to the city began to develop. In this way, the city would be responsible for providing municipal services to the developing areas. With control over the provision of services, particularly water-sewer, the city also could control sprawl. In fact, in some states, cities have zoning authority over land three miles beyond the city border. In other states, joint city-county planning, including capital improvement planning and financing, and zoning is required in a similar three mile (or so) area around cities.

How might the State address the issue? There is probably not one solution for the entire state since the issues in an urban county are different from the situation in more rural counties. Here are three options that might be considered. The options are not necessarily mutually exclusive.

1. Require that cities annex areas that reach a certain development level, for example, a certain population density. Counties would be responsible for providing municipal services (police protection, fire, etc) to the less developed parts of the county. A requirement for joint city-county planning should also be considered as part of this option.
2. Allow unincorporated areas of the county to elect a set of representatives. These representatives would contract with the county (or perhaps other jurisdictions, including neighboring counties) for the provision of municipal services. The representatives would have authority to set tax rates and might be given authority over zoning issues. Townships would be a form of this option. A requirement for joint city-county planning should also be considered as part of this option.
3. In the urbanized areas of the state, incorporate all of the currently unincorporated area that meets some density or development threshold. This could be done by forming new cities and/or annexing the areas into existing cities. This is essentially what is happening in Fulton County.

There are two issues that arise with any of these options. The first is the issue of inter-jurisdictional equity. If the existing cities annex the new development, it may leave the unincorporated areas with a low property tax base. Likewise, forming several new cities could result in a set of rich and poor jurisdictions.

One approach is a State grant program that provides more assistance to cities that have less property tax wealth. Several states have such grant programs. A second option

is to require sharing of the property tax base. For example, perhaps 75 percent of industrial and commercial property might be taxed by the jurisdiction in which the property resides, while the other 25 percent of the value goes into a pool that is shared by all jurisdictions within the county on a per capita basis.

A second issue arises if a substantial number of new cities are formed in urban areas. With more jurisdictions, regional coordination and cooperation becomes more difficult. This might require providing a regional body with authority to ensure regional coordination and cooperation.