

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6421
BILL NUMBER: HB 1058

NOTE PREPARED: Feb 9, 2026
BILL AMENDED: Jan 6, 2026

SUBJECT: Annexation.

FIRST AUTHOR: Rep. Steuerwald
FIRST SPONSOR: Sen. Clark

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that annexation territory that is divided by railroad tracks satisfies contiguity requirements, if the territory on at least one side of the railroad tracks is contiguous to the municipality.

Effective Date: July 1, 2026.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The fiscal impact depends on decisions of municipal legislative bodies regarding annexation. Administrative workload for municipal legislative bodies could increase since the bill expands the ability to annex certain unincorporated property. Costs for municipalities would increase since the currently unincorporated areas would be eligible to receive municipal services once they are annexed.

Explanation of Local Revenues: Should a municipal legislative body decide to annex the eligible unincorporated property, the property will be subject to any property tax rates pertaining to the municipality, potentially increasing the property tax revenue received by the municipality. This increase in revenue will help to partially offset the increase in local expenditures for the municipality to provide municipal services.

State Agencies Affected:

Local Agencies Affected: Municipalities and any applicable taxing units that are associated with the territory being annexed.

Information Sources:

Fiscal Analyst: James Johnson, 317-232-9869.