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H.B. 574 136th General Assembly	Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Daniels and Dovilla

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SUMMARY

- Creates a Political Subdivision Consolidation Incentive Grant Pilot Program to provide grants to political subdivisions that merge.

- Appropriates $25 million for the program.

DETAILED ANALYSIS

Political Subdivision Consolidation Incentive Grant Pilot Program

The bill establishes the Political Subdivision Consolidation Incentive Grant Pilot Program, to be administered by the Secretary of State with a $25 million appropriation. The program gives grants to political subdivisions (cities, villages, townships, and other political subdivisions but not counties) that merge, meaning they utilize a process under which one political subdivision absorbs one or more other political subdivisions, or two or more political subdivisions otherwise combine to create one political subdivision (utilizing joint districts to provide services does not count).

After a merger takes effect, the political subdivision can apply to the Secretary of State in the manner the Secretary prescribes. Grants are awarded on a first-come first-serve basis, subject to the availability of funds. The bill provides a formula for the grant amounts; cities, villages, and townships are subject to one formula while the other political subdivisions are subject to another.

Cities, villages, and townships receive the following amount: ([population after merge] * 40) + ([lowest budget of the pre-merge political subdivisions] * .2), subject to a $2.5 million maximum. For example, if City A (population 50,000; budget $115 million) absorbs Village B

(population 3,800; budget $5 million), City A will receive $2.5 million.[1] If Township A (population 10,000; budget $5 million) and Township B (population 800; budget $400,000) merge, New Township C will receive $512,000.[2]

All other political subdivisions receive the following amount: ([population after merge] * 20) + ([lowest budget of the pre-merge political subdivisions] * .1), subject to a $1 million maximum. For example, if School District A (population 50,000; budget $115 million) absorbs School District B (population 3,800; budget $5 million), School District A will receive $1 million.[3] If Educational Service Center A (population 10,000; budget $5 million) merges with Educational Service Center B (population 800; budget $400,000), the resulting service center will receive $256,000.[4]

A political subdivision can receive only one grant under the program.[5]

HISTORY

Action	Date
Introduced	11-05-25

ANHB0574IN-136/ks

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[1] Calculated as follows:

    (53,800 * 40) + (5,000,000 * .2)

    2,152,000 + 1,000,000

    $3,152,000, subject to $2,500,000 maximum.

[2] Calculated as follows:

    (10,800 * 40) + (400,000 * .2)

    432,000 + 80,000

    $512,000.

[3] Calculated as follows:

    (53,800 * 20) + (5,000,000 * .1)

    1,076,000 + 500,000

    $1,576,000, subject to $1,000,000 maximum.

[4] Calculated as follows:

    (10,800 * 20) + (400,000 * .1)

    216,000 + 40,000

    $256,000.

[5] Sections 1 to 4 of the bill.