

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

301 State House
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FISCAL IMPACT STATEMENT

LS 6993
BILL NUMBER: SB 440

DATE PREPARED: Jan 3, 2000
BILL AMENDED:

SUBJECT: Adjusted Gross Income Tax for Wayne County.

FISCAL ANALYST: Bob Sigalow
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FUNDS AFFECTED: **GENERAL** **IMPACT:** Local
 DEDICATED
 FEDERAL

LOCAL IMPACT	CY 2000	CY 2001	CY 2002
Local Revenues	1,141,000	2,327,000	2,371,000
Local Expenditures			
Net Increase (Decrease)	1,141,000	2,327,000	2,371,000

Summary of Legislation: This bill allows Wayne County to impose the County Adjusted Gross Income Tax (CAGIT) at a rate of 1.25%. It provides that the CAGIT revenue in Wayne County that is derived from the additional 0.25% tax rate may be used only to pay the costs of constructing, improving, or renovating the county jail and related buildings and parking facilities. The bill authorizes the county council to pledge the tax revenue from the additional 0.25% tax rate to pay bonds issued for the construction, improvement, or renovation.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Currently, counties that impose CAGIT are limited to a rate of 1%. This bill would permit Wayne County to increase its CAGIT rate to 1.25% while using the additional 0.25% to pay for the construction or renovation of the county jail and related facilities. The county would be allowed

to charge the additional 0.25% until re-payment of the jail financing is complete.

The additional 0.25% rate would become effective on July 1, 2000 if the county council acts on a resolution to increase the rate before that date. Wayne County's CY 2000 certified distribution at 1% is equal to \$9.1 M. Assuming that the tax would become effective on July 1, 2000, the additional 0.25% rate would generate approximately \$1.1 M in the last six months of CY 2000. The revenue for CY 2001 is estimated at \$2.3 M, \$2.4 M in CY 2002, and \$2.4 M in CY 2003.

State Agencies Affected: State Budget Agency; Indiana Department of State Revenue.

Local Agencies Affected: Wayne County.

Information Sources: State Budget Agency.