

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

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7217**

**BILL NUMBER: HB 1206**

**DATE PREPARED:** Dec 26, 2000

**BILL AMENDED:**

**SUBJECT:** PILOTS Dedicated to Low Income Housing Trust Fund.

**FISCAL ANALYST:** Bob Sigalow

**PHONE NUMBER:** 232-9859

**FUNDS AFFECTED:**      **GENERAL**  
                                 **DEDICATED**  
                                 **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill establishes a property tax exemption for real property that was constructed, rehabilitated, or acquired to provide housing to income-eligible persons under the federal Low Income Housing Tax Credit program. It permits the governing body of a political subdivision to enter into agreements concerning payments in lieu of taxes for the same real property and provides that the payments are to be deposited in the Housing Trust Fund.

**Effective Date:** July 1, 2001; January 1, 2002.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** This bill could increase, by an indeterminable amount, the amount of revenue deposited into the state's Housing Trust Fund which is administered by the Indiana Housing Finance Authority. The fund is used for making grants, rent supplements, loans, and guarantees for the development, rehabilitation, or financing of affordable housing for low income residents and for providing technical assistance to nonprofit developers of affordable housing.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** This proposal would exempt from taxation real property located in any county other than Marion and owned by an Indiana corporation if the improvements were constructed, rehabilitated, or acquired to provide low income housing; the property is subject to an extended use agreement; and the owner agrees to make payments in lieu of taxes (PILOTS). (Marion County has a similar exemption available under current law). With the approval of the property owner, the governing body of a municipality or a special taxing district may, under this proposal, adopt an ordinance requiring that the property owner pay PILOTS. The payments would be equal to the taxes that would have been levied on the property by the municipality or a special taxing district if it were not exempt. These payments would be

deposited into the state's Housing Trust Fund.

Total local revenues, except for cumulative funds, would remain unchanged. The revenue for cumulative funds would be reduced by the product of the fund rate multiplied by the deduction amount applicable to that fund. When assessed value is added to the tax base, tax rates are reduced. The removal (or nonaddition) of valuation to the tax rolls would have the effect of increasing (or not reducing) the tax rates.

The actual fiscal impact depends on the number and location of projects approved under this proposal.

**State Agencies Affected:** Indiana Housing Finance Authority.

**Local Agencies Affected:** Municipalities.

**Information Sources:**