

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

301 State House
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FISCAL IMPACT STATEMENT

LS 7217

BILL NUMBER: HB 1206

DATE PREPARED: Mar 30, 2001

BILL AMENDED: Mar 29, 2001

SUBJECT: PILOTS Dedicated to Low Income Housing Trust Fund.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill establishes a property tax exemption for real property that was constructed, rehabilitated, or acquired after December 31, 2001, 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 political subdivision's Affordable Housing Fund.

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

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) This bill creates the local Affordable Housing Fund. The fund would:

1. Provide financial assistance to lower income families to purchase or lease housing;
2. Provide loans and grants to lower income families to develop, rehabilitate, or finance affordable housing; and
3. Provide technical assistance to affordable housing developers.

Explanation of Local Revenues: (Revised) This proposal would exempt from taxation real property located in any county other than Marion 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 local Affordable Housing Fund.

Total local property tax 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:

Local Agencies Affected: Municipalities.

Information Sources: