

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

301 State House
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FISCAL IMPACT STATEMENT

LS 7492

BILL NUMBER: HB 1410

DATE PREPARED: Dec 28, 2000

BILL AMENDED:

SUBJECT: Economic Development Income Tax Expenditures.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill redefines "economic development project" for purposes of permissible expenditures of revenues received from a County Economic Development Income Tax (CEDIT). It eliminates the requirement that an economic development project must involve expenditures for various capital expenses, administrative expenses, operating expenses, or substance removal. It provides that an economic development project may involve expenditures for any expenses incurred to: (1) promote significant opportunities for the gainful employment of a unit's citizens; (2) attract a major new business enterprise to a unit; or (3) retain or expand a significant business enterprise within a unit.

Effective Date: January 1, 2001 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current Indiana law, CEDIT revenues can be used only for economic development projects which involve an expenditure for any combination of the following capital related items: 1) acquisition of land; 2) interests in the land; 3) site improvements; 4) infrastructure improvements; 5) buildings; 6) structures; 7) rehabilitation, renovation, and enlargement of buildings and structures; 8) machinery; 9) equipment; 10) furnishings; 11) facilities; 12) certain administrative and operating expenses; and 13) substance removal or remedial action in a designated unit.

Counties, cities, and towns would be able to utilize CEDIT revenues without abiding by the conditions listed above in accordance with the provisions of this bill. The specific effects would vary significantly between CEDIT-adopting counties and would depend upon the projects for which CEDIT monies might be utilized.

CEDIT revenues would not change due to the provisions of this bill.

Background

For CY 2000, a total of \$121,817,016 in CEDIT revenues was distributed to CEDIT adopting counties. (A complete listing of what local units received in CEDIT distributions for CY 2000 is currently available at Legislative Services Agency, Office of Fiscal and Management Analysis.)

For CY 2001, a total of \$140,547,205 in certified distributions is projected for CEDIT-adopting counties.

State Agencies Affected:

Local Agencies Affected: Counties who have adopted CEDIT.

Information Sources: Local Government Data Base; State Budget Agency.