

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

301 State House
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FISCAL IMPACT STATEMENT

LS 7168

BILL NUMBER: HB 1115

DATE PREPARED: Jan 30, 2002

BILL AMENDED: Jan 29, 2002

SUBJECT: Taxpayer protection and development assistance.

FISCAL ANALYST: Jim Landers

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) The bill requires the Department of Commerce to: (1) Adopt a standardized information form that must be able to be optically scanned and must be completed by any person receiving at least \$5,000 in development assistance; (2) publish a report based on the completed information forms; and (3) provide the report at no cost in both printed and electronic form to the public. The bill also requires the Department of Commerce to use existing resources and authorized but vacant staff positions to perform its duties.

Effective Date: July 1, 2002.

Explanation of State Expenditures: (Revised) The bill requires the Indiana Department of Commerce (IDOC) to adopt a standardized form to be completed by any person who, after December 31, 2002, applies for and receives at least \$5,000 in development assistance under a program or fund operated or administered by the state or a political subdivision. The bill also defines "development assistance" as tax deductions for rehabilitation or redevelopment of real property in economic revitalization areas; loans and loan guarantees; tax increment financing; grants, including research and development grants; land price subsidies; infrastructure benefitting a business or group of businesses; matching funds; and inventory tax credits. The IDOC would also be required to prepare annual development assistance reports and make them available in paper form and on the Internet.

The bill requires the IDOC to use (1) existing staff and resources and (2) authorized but vacant staff positions to perform its duties under the bill. It is estimated that the duties and requirements established by the bill for the IDOC could be met by one PAT II-level employee. Annual salary, fringe, and indirect expenses for a PAT II-level employee are estimated at \$45,498 in FY 2003 and \$45,448 in FY 2004. The January 2, 2002, state staffing table indicates that the IDOC has 15 vacant full-time positions, two of which are PAT II-level positions.

Explanation of State Revenues:

Explanation of Local Expenditures: Local units granting development assistance must report the required information to the IDOC if the recipients of the assistance fail to file with the Department. The administrative impact of this requirement is unknown.

Explanation of Local Revenues: If a recipient of local development assistance does not submit the required information and the unit that granted the assistance does not provide it to the Department, the IDOC would suspend all current assistance in that unit's jurisdiction until the information is obtained. The impact that this provision may have is indeterminable.

State Agencies Affected: Indiana Department of Commerce.

Local Agencies Affected: Local units granting development assistance.

Information Sources: Indiana Department of Commerce.