

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7074

BILL NUMBER: HB 1130

DATE PREPARED: Dec 29, 2001

BILL AMENDED:

SUBJECT: Approval of Bond Issues by Nonelected Boards.

FISCAL ANALYST: Chris Baker

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires a lease with an original term of at least five years or the bonded indebtedness of a civil taxing unit that does not have a majority of elected members to be approved by the city, town, or county fiscal body.

Effective Date: July 1, 2002.

Explanation of State Expenditures: The state's expense for property tax replacement credits (PTRC) and homestead credit could be affected by this bill. If the amount of a civil taxing unit's debt issue that is backed by property tax levy is affected by this bill, the state's expense for homestead credit and PTRC (if the levy qualifies for PTRC) would be proportionally affected.

PTRC and homestead credits are paid from the Property Tax Replacement Fund, which is annually supplemented by the state General Fund. Any change in PTRC and homestead credit expenditures would ultimately affect the state General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill will affect civil taxing units that have a governing body that is not comprised of a majority of officials who are elected to serve on the governing body, and the civil taxing unit in question is not located in a consolidated city. Under current law, a civil taxing unit is any entity that has power to impose the ad valorem property tax (with the exception of a school corporation).

Under the bill, a civil taxing unit would be required to request and receive approval to incur bonded indebtedness on bonds (defined in the Indiana Code as indebtedness, whether payable from property taxes,

revenues, or any other source, not including notes or warrants representing temporary loans that are payable out of taxes levied and in the course of collection) or enter a lease with an original term of at least five years from the fiscal body as described in the bill. In Marion County, the City-County Council would have oversight. If the unit is not located in a city or town or in Marion County, then the county fiscal body would have oversight. If approval is granted, then the civil taxing unit may incur the bonded indebtedness or execute the lease upon the approved request for such to the Department of Local Government Finance.

This proposal would add the accountability of an elected body rather than allowing an appointed body to incur debt. The amount of a civil taxing unit's tax rate, levy, or debt (if backed by property taxes) could be affected by this bill.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Civil taxing units with appointed governing bodies; county, city, or town fiscal bodies.

Information Sources: