LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
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FISCAL IMPACT STATEMENT

LS 7266 **DATE PREPARED:** Jan 8, 2002
BILL NUMBER: HB 1248 **BILL AMENDED:**

SUBJECT: Farmland assessment.

FISCAL ANALYST: Bernadette Bartlett
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FUNDS AFFECTED: **X** **GENERAL**
X **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a county executive to designate an area in which certain land may be classified and assessed as farm preservation land. The bill allows classification upon application to the township assessor and assessment thereafter at $1 per acre. It requires payment to a county farmland preservation fund of the property tax benefit received over a period of up to ten years if the land is withdrawn from the classification.

Effective Date: January 1, 2002 (retroactive).

Explanation of State Expenditures: The Department of Local Government Finance would be required to prescribe forms for persons to use to apply with the township assessor for the special farmland classification. The Department may be able to absorb any additional administrative expenses given its current budget.

Explanation of State Revenues: The State levies a one cent tax rate for State Fair and State Forestry Funds on the assessed valuation of all taxable property in Indiana. Any reductions from assessed valuation would decrease the revenue derived from property taxes for these two funds.

Explanation of Local Expenditures: Township assessors would experience additional administrative expenses associated with processing applications and removing land from the special classification. The townships may be able to absorb the additional costs given their current budgets.

Explanation of Local Revenues: If farmland is removed from special classification, owners may be subject to paying the amount that would have been paid in property taxes for up to the previous ten years were it not for the special classification plus interest. Revenue generated would be deposited in the county farmland preservation fund which would be used for farmland preservation activities.

This bill could also result in a decrease in assessed valuation (AV). Reductions in AV would reduce the property tax base which would cause a slight shift in the property tax burden from those taxpayers receiving the reductions to all taxpayers in the form of an increased tax rate. The actual fiscal impact would depend upon the number and value of farmland acres that would be valued at $1 per acre.

State Agencies Affected: State Board of Local Government Finance; State Fair Board; Department of Natural Resources.

Local Agencies Affected: Counties and townships.

Information Sources: