

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7014
BILL NUMBER: SB 318

DATE PREPARED: Jan 2, 2002
BILL AMENDED:

SUBJECT: Enterprise Zones.

FISCAL ANALYST: Jim Landers
PHONE NUMBER: 232-9869

FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that the president of the Association of Indiana Enterprise Zones or an enterprise zone executive director designated by the president shall serve as a nonvoting, advisory member of the Enterprise Zone Board. The bill also allows a county or municipal redevelopment commission to sell or grant real property to an Urban Enterprise Association (UEA) without a public bidding process if: (1) the UEA has incorporated as a nonprofit corporation; (2) the property to be conveyed is located entirely within the enterprise zone served by the UEA; and (3) the UEA agrees to develop the property within five years after the conveyance and in a manner consistent with the use of the other properties in the enterprise zone.

Effective Date: July 1, 2002.

Explanation of State Expenditures: The bill would add a new nonvoting advisory member to the state Enterprise Zone Board. This member would be the president of the Association of Indiana Enterprise Zones or a designee of the president. The bill requires a designee to be the executive director of an enterprise zone designated by the state Enterprise Zone Board, and provides that the designee serve until dismissed by the Association president for just cause or because the designee is no longer the executive director of an enterprise zone. The bill also requires that the Association president make this designation not later than September 1, 2002. Under current statute, a nonlegislative member of the state Enterprise Zone Board who also is not a local elected official is entitled to \$35 per day salary per diem, plus reimbursement for travel and other expenses actually incurred in connection with his/her duties on the Board. The current mileage reimbursement is \$0.345 per mile.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill requires a redevelopment commission to make its decision at a public meeting about whether to sell or grant property to an Urban Enterprise Association (UEA) under

the proposed process. The bill requires the commission to publish notice of the time and place of such a meeting and a description of the property. The meeting may be held if the actual transfer of property from the county to the commission has not occurred but has been agreed to by the county. The bill requires a UEA that purchases or receives property under the proposed process to report the terms of the conveyance to the state Enterprise Zone Board within 30 days.

Explanation of Local Revenues: The bill would allow a county or municipal redevelopment commission to sell or grant, at no cost, property to an Urban Enterprise Association (UEA), provided the commission obtained title to the property at no charge from the county after failing to be sold at the tax delinquent property sale. Under the bill, the UEA would have to be a not-for-profit corporation to make such an acquisition and the parcel of property would have to be located entirely within the UAE's enterprise zone. In addition, the UAE would have to agree to cause the development of the property within 5 years.

This bill could potentially impact local unit property tax revenue and tax rates. If the property acquired by a UEA under the proposed process is sold for private development, it could be returned to the tax rolls sooner than would have occurred under current law. The potential impact is indeterminable.

State Agencies Affected:

Local Agencies Affected: Counties and other local units containing enterprise zones, local redevelopment commissions, urban enterprise associations.

Information Sources: