

**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: Feb 25, 2002

BILL AMENDED: Feb 25, 2002

SUBJECT: Enterprise Zones.

FISCAL ANALYST: Jim Landers

PHONE NUMBER: 232-9869

FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) 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 allows a county or municipal redevelopment commission to sell or grant real property without a public bidding process to an Urban Enterprise Association (UEA) or a Community Development Corporation (CDC) if certain conditions are met. The bill also specifies that a county or municipal redevelopment commission must decide at a public meeting whether to sell or grant real property to an Urban Enterprise Association or a Community Development Corporation.

The bill also authorizes use of tax increment finance revenues to reimburse public and private entities for expenses incurred in training employees of industrial facilities.

Effective Date: July 1, 2002.

Explanation of State Expenditures: (Revised) 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 \$50 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: (Revised) *Land Transfers:* 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) or a Community Development Corporation (CDC) 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.

Tax Increment Financing: Under this proposal, TIF proceeds from the personal property of a designated taxpayer may be used to pay for the training of industrial facility employees in the TIF area. Under current law, the proceeds may only be used to pay debt service. This provision allows an additional use of funds that may be collected under current law.

Explanation of Local Revenues: (Revised) The bill would allow a county or municipal redevelopment commission to sell or grant, at no cost, property to an Urban Enterprise Association (UEA) or a Community Development Corporation (CDC), 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, a UEA receiving property 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 UEA's enterprise zone. In addition, a UEA would have to agree to cause the development of the property within 5 years. A transfer of property to a CDC would have to be for the purpose of providing low or moderate income housing or for other development that will benefit or serve low or moderate income families. A CDC receiving property also would have to cause the development of the property for such purposes within 5 years.

This bill could potentially impact local unit property tax revenue and tax rates. If the property acquired by a UEA or CDC 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: Enterprise Zone Board.

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

Information Sources: