

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

301 State House
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FISCAL IMPACT STATEMENT

LS 7046
BILL NUMBER: SB 390

DATE PREPARED: Jan 6, 2002
BILL AMENDED:

SUBJECT: Repeal of the Build Indiana Fund.

FISCAL ANALYST: Jim Landers
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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires that money previously deposited in the Build Indiana Fund be deposited in the state General Fund on June 30, 2002. The bill repeals the Build Indiana Fund in 2005.

Effective Date: June 30, 2002; July 1, 2002; June 30, 2005.

Explanation of State Expenditures: *Build Indiana Fund:* The bill would require revenue currently distributed to the Build Indiana Fund (BIF) to be distributed instead to the state General Fund beginning July 1, 2002. The bill also would require the balance in BIF on June 30, 2002, to be transferred to the state General Fund on July 1, 2002. This balance would be computed as the difference between the total amount of money in BIF on June 30, 2002, and the amount of money in BIF at that time for particular projects for which: (1) the Budget Committee has made a favorable review; (2) the money has been allotted by the State Budget Agency; and (3) the money has not been paid to the recipient. After statutorily required transfers and appropriations under HEA 1001-01, the balance in BIF as of June 30, 2002, is estimated to total \$13.8 M. The bill also would cancel appropriations from BIF that, before July 1, 2005, have not been favorably reviewed by the Budget Committee or have been reviewed but not fully paid to the designated recipient. Effectively, these projects would continue to have an appropriation until the end of FY 2005, but would not have funding via BIF after June 30, 2002.

It is also important to note that the bill does not impact the statutorily determined transfers made from surplus Lottery revenue to the Teachers' Retirement Fund (TRF) or the Pension Relief Fund (PRF). Nor does the bill impact the statutorily determined transfer to the Motor Vehicle Excise Tax Replacement Account. The bill requires this monthly transfer to be made from the state General Fund beginning July 1, 2002, instead of from the Lottery and Gaming Surplus Account in BIF which the bill repeals.

Indiana Technology Fund: The bill would require money in the Indiana Technology Fund at the end of a state biennium to revert to the state General Fund. Under current statute, money remaining in the Fund at the

end of a state biennium reverts to the State and Local Capital Projects Account (SLCPA) in BIF. A total of \$76.0 M was appropriated to the Technology Fund for the biennium ending June 30, 2001, with a \$10.5 M balance reverting to SLCPA at the end of the biennium (June 30, 2001). A total of \$52.5 M is appropriated to the Technology Fund for the current biennium (FY 2002 and FY 2003).

Background: Under current statute, surplus Lottery revenue is first transferred to the Teachers' Retirement Fund (TRF) and the Pension Relief Fund (PRF). Once these transfers are made, surplus Lottery revenue is then distributed to the Lottery and Gaming Surplus Account (LGSA) within the Build Indiana Fund (BIF).

The LGSA also receives surplus gaming revenues (revenues from the Riverboat Wagering Tax, the Parimutuel Wagering Tax, the Pari-mutuel Satellite Facility Tax, and the Charity Gaming Excise Tax). A statutorily determined amount of revenue in the LGSA is transferred each year to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. (Beginning with FY 2002 and continuing each year thereafter, this amount is equal to approximately \$236.2 M.) The remaining money in the LGSA is then transferred to the State and Local Capital Projects Account (SLCPA). The table below outlines actual and estimated Lottery and Gaming revenue for FY 2000 to FY 2003, along with the required statutory distributions.

Surplus Lottery and Gaming Revenue & Distributions (Millions)*

Revenues & Distributions	FY 2000 (Actual)	FY 2001 (Actual)	FY 2002 (Projected)	FY 2003 (Projected)
Surplus Lottery Revenue	\$173.3	\$160.0	\$155.0	\$155.0
TRF Transfer	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)
PRF Transfer	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)
Surplus Lottery Revenue to the LGSA	\$113.3	\$100.0	\$95.0	\$95.0
Surplus Gaming Revenue to the LGSA	\$252.5	\$268.2	\$285.2	\$285.2
Interest	\$18.1	\$26.9	\$25.0	\$25.0
Total Revenue to LGSA	\$383.9	\$395.1	\$405.2	\$405.2
MVETRA Transfer	(\$219.8)	(\$234.7)	(\$236.2)	(\$236.2)
SLCPA Transfer	(\$164.1)	(\$160.4)	(\$169.0)	(\$169.0)

*Updated as of 10/25/01.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill could potentially impact projects of local units for which an appropriation from the Build Indiana Fund has been made if the project has not been favorably reviewed by the Budget Committee or money has not been allotted for the project by the State Budget Agency by June 30, 2002.

Explanation of Local Revenues:

State Agencies Affected: State Budget Agency.

Local Agencies Affected: Local units with appropriations from the Build Indiana Fund.

Information Sources: Dan Bastin, State Auditor's Office, (317) 232-3309; Bob Lain, State Budget Agency, (317) 232-3471.