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**FISCAL IMPACT STATEMENT**

**LS 7671**

**BILL NUMBER:** HB 1699

**NOTE PREPARED:** Jan 9, 2003

**BILL AMENDED:**

**SUBJECT:** Indiana Port Commission.

**FIRST AUTHOR:** Rep. Murphy

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill expands the authority of the Indiana Port Commission to finance and operate projects other than port projects on Lake Michigan, the Ohio River, or the Wabash River.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** The bill expands the Port Commission's authority beyond financing and building port projects. In addition to port projects, the bill authorizes the Port Commission to issue revenue bonds with a maximum maturity of 40 years to finance projects involving the following (Note: Under current statute, port revenue bonds have a maximum maturity of 50 years.):

- (1) Any Commission facility related to nonmaritime port and traffic exchange points throughout Indiana for the transfer of goods and passengers between any modes of transportation.
- (2) Any other Commission facility or project, whether located at a port or elsewhere in Indiana, that is either authorized by law or that the Commission finds will enhance, foster, aid, provide, or promote: (a) economic development; (b) private-public partnership; (c) industrial, commercial, business, transportation, recreational, cultural, or governmental purposes; or (d) other uses, activities, and purposes approved by the Commission.

Since the Commission is a body both corporate and politic, the revenue bonds do not constitute a debt of the state. In addition, the bill requires that revenue bonds of the Commission be secured with revenues derived by the Commission from the project financed with the bond proceeds or from other property of the Commission. The Port Commission would incur additional administrative expenses relating to the expansion

of project financing authority. Additional staffing that may be necessitated by this expansion is unknown at this time. The Port Commission currently has 11 employees staffing its Indianapolis office, with 23 port employees located in Mt. Vernon, Jeffersonville, and Portage.

**Explanation of State Revenues:** Revenue bonds for Port Commission projects authorized by the bill, interest on the bonds, proceeds from the sale of the bonds, and receipt of the interest and proceeds is exempt from taxation in Indiana, except for the Financial Institutions Tax and the Inheritance Tax. Under current statute, port revenue bonds receive the same tax-exempt status. Thus, the bill could result in the exemption of additional investment income from taxation, to the extent that taxpayers substitute investment in Port Commission revenue bonds for investments in taxable instruments.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The projects undertaken by the Port Commission, and property acquired or used by the Commission, would be exempt from property tax under the bill. Given that the bill substantially expands the types of projects that the Port Commission may finance and build, this could potentially remove many properties from the tax rolls. However, the bill provides that the property tax exemption does not apply to property occupied and used by a person or entity leasing property for more than one year.

**State Agencies Affected:** Port Commission.

**Local Agencies Affected:** Local government units.

**Information Sources:** Indiana Port Commission website, [www.portsofindiana.com](http://www.portsofindiana.com).

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