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FISCAL IMPACT STATEMENT

LS 6459

BILL NUMBER: HB 1064

NOTE PREPARED: Dec 2, 2003

BILL AMENDED:

SUBJECT: Innkeeper's Tax exemption for military personnel.

FIRST AUTHOR: Rep. Yount

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill authorizes a county fiscal body to adopt an ordinance to exempt a member of the Armed Forces of the United States from a county innkeeper's tax.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary:* Counties that adopt an ordinance under this bill would be required to send a certified copy of the ordinance to the Department of State Revenue.

Explanation of Local Revenues: *Summary:* Counties that adopt an ordinance to exempt members of the Armed Forces of the United States as defined in the bill could potentially realize a loss of local revenue. The actual amount of revenue loss due to reduction of innkeeper's tax collections would vary depending on local action.

Based on the 2002 *Statistical Abstract of the United States*, approximately 0.68% of the population of the United States is projected to be either in an active or reserve branch of the United States Armed Forces or in the United States Coast Guard in 2004. The percentage will decline if military personnel reductions continue and the population of the United States increases.

Multiplication of the percentage of military personnel against each county's approximate innkeeper's tax

base would yield an estimated impact to revenue for those counties currently imposing the tax. Using FY 2003 innkeeper's tax collection data, the estimated reduction in innkeeper's tax revenue could range from \$25 to \$129,000 per year depending on the county. The estimated impact does not consider counties that currently do not impose an innkeeper's tax.

Background: In FY 2003, 63 counties imposed a innkeeper's tax and collected \$46.3 M in revenue. Generally, revenue is used for tourist, visitor, and convention-related projects within the county. Under the non-uniform innkeeper's tax statutes, certain counties can use the revenue for other specific needs.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Counties with innkeeper's tax that adopt an ordinance under the bill.

Information Sources: 2002 *Statistical Abstract of the United States*, FY 2003 innkeeper's tax data, Indiana Handbook of Taxes, Revenues, and Appropriations.

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