

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7319**

**BILL NUMBER: HB 1218**

**NOTE PREPARED: Feb 5, 2004**

**BILL AMENDED: Feb 4, 2004**

**SUBJECT:** Barrett Law Assessment Collection Deferment.

**FIRST AUTHOR:** Rep. Summers

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill adds sanitary sewers as an improvement that may be financed by a municipality by use of the Barrett Law. For purposes of the Barrett Law applicable to municipalities, the bill allows a municipal fiscal officer and municipal works board to establish procedures allowing the municipality to defer collection of a special assessment that is in default by preserving the assessment as a lien upon the property subject to the assessment. The bill requires the collection of the preserved lien: (1) when ownership of the property is transferred; and (2) before the final bond maturity date. It provides that deferred assessments are treated similarly to delinquent property taxes. (Under current law, an assessment in default must be collected through: (1) payment in full; (2) foreclosure on the property; or (3) a conveyance in satisfaction of the assessment.) It also makes a technical correction.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) This bill adds sanitary sewers to the list of improvements for which a municipality may make expenditures with its Barrett Law funds. The bill does not require any additional expenses. Currently, sanitary sewers are allowed as an improvement that may be made by a county with its Barrett Law funds.

This bills also allows municipalities to avoid having to sell property because of Barrett Law assessments that are in default. Municipalities may be able to save costs associated with holding a public sale as well as maintenance costs that are associated with properties that do not move after the public sale process.

**Explanation of Local Revenues:** This bill allows the collection of a Barrett Law assessment to be deferred until the property ownership changes hand or before the bond maturity date. This would cause a municipality to forego revenue until a future date.

**State Agencies Affected:**

**Local Agencies Affected:** Municipalities having Barrett Law assessments.

**Information Sources:**

**Fiscal Analyst:** Valerie Ruda, 317-232-9867.