

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7321

BILL NUMBER: HB 1349

NOTE PREPARED: Jan 5, 2005

BILL AMENDED:

SUBJECT: Henry County Food and Beverage Tax.

FIRST AUTHOR: Rep. Saunders

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill extends until December 31, 2015 (instead of December 31, 2004), Henry County's authority to pay for capital improvements with Food and Beverage Tax revenues or to issue bonds or enter into leases or other obligations payable from Food and Beverage Tax revenues.

The bill provides that a member of the Capital Improvements Committee may be reappointed upon the expiration of the member's term (current law requires the member to be reappointed).

The bill specifies that the county may use the Food and Beverage Tax revenues on a pay-as-you-go basis to undertake capital improvements and may pledge other available revenues to the payment of bonds payable from the Food and Beverage Tax.

Effective Date: December 31, 2004 (retroactive).

Explanation of State Expenditures: Under current law, the Food and Beverage Tax is administrated, audited, and collected by the Department of State Revenue. Given that the Henry County Food and Beverage Tax is already collected by the Department, there should be no new impact to the Department's expenditure under the bill.

Explanation of State Revenues:

Explanation of Local Expenditures: Under current law, the Henry County Food and Beverage Tax Council and the Capital Improvements Committee sunsets on January 1, 2005. The bill would retroactively extend the

Council and Committee until January 1, 2016, and the ability to issue new bonds or leases from the tax.

The bill would also allow any revenue source legally available to Henry County to be used for the payment of bonds or other obligations incurred under the Henry County Food and Beverage Tax statute. Under current law, only revenue from the Food and Beverage Tax is allowed to pay for bonds and other obligations incurred. If other sources of revenue were used to cover Food and Beverage Tax obligations, there would be an indeterminable impact to local expenditures in Henry County. The impact would depend on local action.

Total expenditures from the Henry County Food and Beverage Tax Fund in FY 2004 were \$395,324.

Explanation of Local Revenues: *Summary:* Unlike the Council, the Henry County Food and Beverage Tax remains in effect until the Council adopts an ordinance to rescind the tax. Additionally, the tax cannot be rescinded while there are bonds, leases, or other obligations outstanding. The bill does not increase the Henry County Food and Beverage Tax above its current 1% rate. With respect to local revenues, the provisions of the bill should be revenue neutral.

Background: Under current law, the following capital projects are allowed to be funded by the Henry County Food and Beverage Tax:

- (1) Sanitary sewers or wastewater treatment facilities that serve economic development purposes.
- (2) Drainage or flood control facilities that serve economic development purposes.
- (3) Road improvements used on an access road for an industrial park that serve an economic development purpose.
- (4) A covered horse show arena.
- (5) A historic birthplace memorial.
- (6) A historic gymnasium, community center, main street renovation, and picnic and park areas in Knightstown.
- (7) A community park and cultural center.
- (8) Projects for which the county decides to expend Food and Beverage Tax Fund money or that the county issues bonds, other obligations, or enter into leases.
- (9) An ambulance.

Total revenue generated in FY 2004 for the Henry County Food and Beverage Tax was \$410,087.

State Agencies Affected:

Local Agencies Affected: Henry County.

Information Sources: State Budget Agency Auditor's Data: Auditor's Trial Balance, June 30, 2004; *Indiana Handbook of Taxes, Revenues, and Appropriations, FY 2004.*

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