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FISCAL IMPACT STATEMENT

LS 7884

BILL NUMBER: HB 1447

NOTE PREPARED: Jan 8, 2005

BILL AMENDED:

SUBJECT: Income Tax (CEDIT) Revenue for Fairgrounds.

FIRST AUTHOR: Rep. Cherry

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill permits counties to use County Economic Development Income Tax (CEDIT) revenue for the construction, renovation, and operation of county fairgrounds.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: If a CEDIT county were to adopt an ordinance as provided under the bill, the county treasurer would be required to establish a county fairgrounds development fund (the Fund). CEDIT revenue earmarked for the Fund would be deposited into the Fund before CEDIT distribution shares would be calculated and distributed to counties, cities, and towns.

Explanation of Local Revenues: *Summary-* Under the bill, a county would have the option to adopt an ordinance to designate CEDIT revenue generated by a 0.1% rate to develop county fairgrounds. The bill would not give specific authorization for a county to increase their CEDIT rate. A county could reallocate a portion of their current CEDIT revenue for fairground purposes. However, a county that is under its maximum combined CEDIT/CAGIT or CEDIT/COIT rate could adopt a separate ordinance, under current law, to raise their CEDIT rate and use the rate increase for fairground development. Given FY 2005 tax rates, 30 counties are currently under their combined rate and could raise their CEDIT rate, under current law, to fund fairground development as proposed in the bill. A county would not be allowed to designate CEDIT revenue for fairground

purposes in an amount greater than the amount of revenue generated by a 0.1% CEDIT rate. In CY 2004, the average CEDIT certified distribution at a 0.1% rate would have been approximately \$0.84 M. Under the bill, a county would not be able to repeal any CEDIT rate increase, where the revenue from the rate increase is used for fairground purposes (i.e. for bonds or other obligations) until such obligations were retired.

Background Regarding Adoption and Treatment of Revenue- Under the bill, an ordinance that was adopted by a county would apply initially to a county's certified distribution in the year following the year of adoption, if the adoption occurred before July 1. If adopted after June 30, then the certified distribution would be effected in the year subsequent to the year following the year of adoption.

All revenue that was deposited in the Fund would be treated as miscellaneous revenue.

Background: CEDIT- There are currently 71 counties that have adopted CEDIT. Certified distributions for all adopting counties totaled \$197 M in CY 2005. The average CEDIT certified distribution in CY 2005 was approximately \$2.8 M. Currently, 30 counties are under their CEDIT/COIT or CEDIT/CAGIT combined rate.

State Agencies Affected:

Local Agencies Affected: Counties.

Information Sources: State Budget Agency.

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