

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7566

BILL NUMBER: HB 1503

NOTE PREPARED: Jan 7, 2005

BILL AMENDED:

SUBJECT: Sale of Department of Corrections Property.

FIRST AUTHOR: Rep. Thomas

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill requires the sale of certain real property in LaPorte County and Putnam County that is owned by the state and under the control of the Department of Correction (DOC). It provides that proceeds from the sale shall be deposited in the Ombudsman Bureau Property Account, which is established to provide additional funds to the Ombudsman Bureau.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: *Summary:* Under the bill, the Governor and the Commissioner of the Department of Correction would be directed to sell all residential housing not currently used to house inmates at the Westville Correctional Facility and the Putnamville Correctional Facility, as well as 2,000 acres at Putnamville Correctional Facility that consists of farmland and other undeveloped property.

The real estate must be sold for at least fair market value. Proceeds of the sales would be placed in the Ombudsman Bureau Property Account (OBPA) within the state General Fund, an account created by this bill. The Department of Administration would administer the account to provide funds in addition to other appropriations for the Ombudsman Bureau. Funds in the OBPA would not revert to the state General Fund until June 30, 2008.

Sale of the residential housing units would reduce the state's utility and maintenance expense, creating cost saving. The properties are currently rented by the Department to qualified correctional facility staff which

offsets some of the utility and maintenance costs. There is no information currently available on the amount received for rent. Additionally, there is no current appraisal of the residential housing at the facilities or acreage to estimate the fair market value of property sales. The following information is available concerning the maintenance and utilities of the residential housing:

Putnamville Correctional Facility: There are 25 residential houses at Putnamville. For 20 of the houses, the utility expenditures are estimated at \$200 per month per house. The remaining five houses are estimated to use \$300-\$500 per month per house for utilities. The annual maintenance costs, because of the current conditions of the houses, are estimated to be between \$6,000 and \$12,000 per unit. In FY 2003, \$56,000 was spent to rehabilitate residential property in need of repair.

Westville Correctional Facility: There are 37 residential units at Westville including 8 three-bedroom houses, 4 two-bedroom houses, 24 two-bedroom duplexes, and 1 superintendent's house. The electric heat, water, and waste treatment for these houses are included in the facility's costs. The estimated annual utility cost is \$4,000 per unit per year. Maintenance in FY 2003 required 719.5 hours of labor and \$4,407 of supplies. Some supplies, however, were bought in bulk, lowering the overall cost.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Correction.

Local Agencies Affected:

Information Sources: Kathy Lisby, Department of Correction.

Fiscal Analyst: Karen Firestone, 317-234-2106.