

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7936
BILL NUMBER: SB 496

NOTE PREPARED: Jan 12, 2005
BILL AMENDED:

SUBJECT: Taxation and bonding.

FIRST AUTHOR: Sen. Kenley
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: Pending

Summary of Legislation: Extends the termination date for authority to approve new property tax abatements or to establish new tax increment finance areas from December 31, 2005, to December 31, 2010. Requires, for a public library whose board is not comprised of a majority of elected members, operating budget and tax levy review by the fiscal body of the municipality, township, or county in which the library is located if the library proposes a levy increase of more than 5%. Repeals the provision that prohibits consideration of the value of federal income tax credits in determining the assessed value of low income housing tax credit property. Permits the county auditor to increase the county economic development income tax funded homestead credit allowed in the county to offset property tax increases resulting from property tax deductions for inventory. Authorizes the use of various revenues associated with riverboat gaming to reduce a unit's levy for a particular year without reducing the unit's maximum levy. Standardizes the provisions of current law authorizing the use of riverboat gaming revenue for property tax relief. Requires the department of local government finance (DLGF) to prepare and distribute an annual report on the expenditures, sources of revenue, and expenditures per person for each political subdivision for the preceding year. Requires each political subdivision to publish the expenditure per person. Establishes a credit for property taxes on a homestead with an assessed value of less than \$300,000 in the amount by which the taxes exceed 2% of the assessed value. Limits a taxpayer from using more than one state tax liability credit for the same project. Requires the economic development for a growing economy board to consider the extent to which the granting of an economic development for a growing economy tax credit would reduce the amount available to fund the purposes of a community revitalization enhancement district (CRED) or certified technology park (CTP). Reduces the income tax incremental amount that the state is required to pay to a CRED or CTP by the amount of the economic development for a growing economy tax credits granted to businesses operating in the CRED or CTP. Allows a taxpayer to carry over an unused CRED tax credit for only nine taxable years. Defines income tax incremental amount in the law

governing CTP's. Provides reporting standards for a business in a CRED. Requires notice to be given to taxing units affected by the creation of a CRED or professional sports development area. Provides that bonds and leases issued by political subdivisions and payable from sources other than property taxes are subject to approval by the DLGF. Establishes additional criteria for DLGF approval of property tax based bonds and leases (which are subject to DLGF approval under current law). Requires political subdivisions to report certain information concerning new bond issues and leases to the DLGF and to make annual reports to the DLGF concerning outstanding bonds and leases. Requires the DLGF to compile information from the reports in a data base and to post information from the reports on the Internet.

Effective Date: Upon passage; January 1, 2005 (retroactive); March 1, 2005 (retroactive); July 1, 2005.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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