

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

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7577

BILL NUMBER: HB 1605

NOTE PREPARED: Jan 15, 2007

BILL AMENDED:

SUBJECT: Local option income taxes.

FIRST AUTHOR: Rep. Cherry

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ___ **GENERAL**
DEDICATED
FEDERAL

IMPACT: Pending

Summary of Legislation: Provides for the distribution of all county adjusted gross income taxes and county option income taxes imposed in a county to county government, except for amounts necessary to meet a pledge of revenue made by another civil taxing unit before April 1, 2007. Transfers the responsibilities of the county income tax council under the county option income tax law and certain other laws to the county fiscal body. Extends the municipal option income tax that applies to Lake County to all counties, reduces the maximum permissible municipal option income tax rate, and permits the revenues from the municipal option income tax to be used for property tax relief, deposits in the municipality's rainy day fund, and other uses. Makes related changes. Repeals provisions referencing the county option income tax council and provisions providing an inventory tax deduction and an additional county economic development income tax rate that have expired.

Effective Date: Upon passage; April 1, 2007 (retroactive); January 1, 2008.

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:

Fiscal Analyst: Bob Sigalow, 317-232-9859.