

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7390**  
**BILL NUMBER: HB 1638**

**NOTE PREPARED: Jan 15, 2007**  
**BILL AMENDED:**

**SUBJECT:** Funding for operation of juvenile center.

**FIRST AUTHOR:** Rep. Pierce  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED: X GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill authorizes Monroe County to adopt an additional county option income tax (COIT) rate of not more than 0.25% to fund the operation and maintenance of a juvenile detention center and other facilities to provide juvenile services.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** The Department of State Revenue and the State Budget Agency would be required to adjust Monroe County's COIT certified distribution for the year following a tax rate increase authorized under the bill. The Department and the Budget Agency should be able to carry out this provision within their existing resources.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Monroe County currently imposes the maximum 1 % COIT rate which generated \$22.3 M in certified distributions for CY 2007. This bill would allow the county to increase its tax rate by up to 0.25% to a total rate of 1.25%. The revenue from the additional rate would be used to fund the operation and maintenance of the juvenile detention center and other juvenile services facilities.

In order to increase the COIT rate, the county fiscal body would have to adopt an ordinance (1) finding that COIT revenues are needed to fund juvenile facilities; and (2) agreeing to freeze the part of the property tax levy that is used for juvenile services facilities at the rate imposed in the year before the first full year in

which the COIT increase takes effect. The bill prohibits the DLGF for considering the additional COIT revenue in setting the county's maximum levy.

Except in 2007, if the county adopts the rate increase before April 1<sup>st</sup> in a year then the new rate would be imposed beginning in July of that year. If the rate is adopted after March 31<sup>st</sup>, then the new rate would be imposed in July of the following year. In 2007, the county would have until May 31<sup>st</sup> to adopt the ordinance and have the tax imposed in that year.

Certified distributions from the additional rate would begin in January of the year following the year in which the rate is imposed. If adopted by May 31, 2007, then the county could receive an estimated \$5.8 M in 2008 at the full 0.25% rate. A 0.25% rate would generate an estimated \$6.1 M in 2009 and \$6.4 M in CY 2010. The actual fiscal impact depends on local action.

**State Agencies Affected:** Department of State Revenue; State Budget Agency.

**Local Agencies Affected:** Monroe County.

**Information Sources:**

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