

**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 6805**

**BILL NUMBER:** SB 435

**NOTE PREPARED:** Mar 25, 2007

**BILL AMENDED:** Mar 22, 2007

**SUBJECT:** Public Safety Communications Systems Districts.

**FIRST AUTHOR:** Sen. Wyss

**FIRST SPONSOR:** Rep. L. Lawson

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

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

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill allows any county to adopt an ordinance creating a public safety communications systems and computer facilities district. (Current law provides for districts in only Marion County and Elkhart County.) The bill allows a county other than Marion County or Elkhart County to levy a property tax rate of \$0.01 per \$100 of assessed valuation to fund the district. (Current law allows Elkhart County to levy a property tax rate of \$0.05 per \$100 of assessed valuation to fund the district while permitting Marion County to fund the district from county option income tax revenues.)

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** (Revised) The state would pay PTRC and the Homestead Credit on any increase in levies under this proposal. Based on the estimated 2007 Pay 2008 statewide AV, and subject to appropriation, the maximum impact on PTRC and Homestead Credits would be an estimated \$7.7 M, if all counties (excluding Marion and Elkhart) imposed a \$0.01 property tax rate.

Based on the populations of Marion and Elkhart Counties compared to the state (16.8%), and the total state expenditures for these two counties' current systems, the increase in state expenditures for the rest of the state might be on the order of \$5.4 M.

The state impact will be minimized to the extent that existing county and municipal levies would have to be reduced under the bill.

PTRC and Homestead Credits are paid from the Property Tax Replacement Fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The county fiscal body may adopt an ordinance establishing a public safety communications district and impose a property tax levy within the district beginning in the year after the ordinance is adopted.

**Explanation of Local Revenues:** (Revised) Under this proposal, any county would be permitted to create a public safety communications systems and computer facilities district (district). Each district would encompass the unincorporated portion of the county plus any municipalities that choose to join the district.

Marion and Elkhart Counties are the only counties currently authorized to create a district. Currently, Marion County may fund the district from County Option Income Tax (COIT) revenues and may not impose a property tax rate in the district. Elkhart County is currently authorized to impose a tax rate of up to \$0.05 per \$100 AV. However, Elkhart County has not yet imposed this tax rate and instead funds the district from county resources. In 2005, Marion County received \$2.75 M in COIT and Elkhart County raised about \$1.6 M in property taxes to fund the system.

The bill would allow the other 90 counties to impose a property tax rate of up to \$0.01 per \$100 AV to generate revenue for the district. Excluding Marion and Elkhart Counties, total statewide AV for taxes payable in 2008 is estimated at \$305 B. Applying a maximum rate of \$0.01 per \$100 of AV would generate an estimated \$30.5 M for public safety communications districts in the 90 counties. Based on the populations of Marion and Elkhart Counties compared to the state, and the total expenditures for these two counties' current systems, the total expenditures for the rest of the state might be on the order of \$21.5 M.

If the county imposes a property tax rate within the district, then the participating taxing units' maximum levies would be reduced by the amount that those taxing units budgeted in the previous year for public safety communications systems and computer facilities. The net change in property tax levies depends on (1) the number of counties that create districts, (2) The number of counties that opt to impose a separate tax rate for their district, (3) the tax amount generated in the county by the optional tax rate, and (4) the public safety communications systems and computer facilities budgets for the participating taxing units in the previous year.

If, for instance, the optional district levy exceeds the previous year budgets, then the overall levy would increase in a county. However, if the optional district levy is less than the previous year budgets, then the overall levy would be reduced. Levies that equal the previous budgets would produce no change in the levy. In short, the total overall increase in levies would be something less than the potential \$30.5 M total levy for the districts. The actual fiscal impact is subject to local action.

**State Agencies Affected:** Property Tax Replacement Fund.

**Local Agencies Affected:** Counties; Municipalities.

**Information Sources:** Nancy Adams, Accounting Specialist, Elkhart County Auditor's Office; LOGODABA.

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586; Bob Sigalow , 317-232-9859.