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**FISCAL IMPACT STATEMENT**

**LS 6805**

**BILL NUMBER:** SB 435

**NOTE PREPARED:** Mar 28, 2007

**BILL AMENDED:** Mar 27, 2007

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

**FIRST AUTHOR:** Sen. Wyss

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

**BILL STATUS:** 2<sup>nd</sup> Reading - 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 (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. The bill allows Marion County to levy a property tax rate of \$0.05 per \$100 of assessed valuation to fund the district and it permits any county to fund the district from County Adjusted Gross Income Tax (CAGIT) or County Option Income Tax Revenues (COIT). (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 COIT revenues.)

This bill also specifies the levy adjustments that must be made when a city, town, or township joins or withdraws from a district.

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

**Explanation of State Expenditures:** Under this bill, the total county property tax levy (including a levy for a district) would not be affected. However, municipal and township operating levies could be reduced under this bill if those taxing units join a district that imposes a tax levy.

The state pays PTRC on operating levies attributable to real property and Homestead Credits on levies attributable to owner-occupied residences. Subject to appropriation, if the total levy is reduced under this bill, then the state's expenditure could be reduced. The amount of the reduction depends on local action, but

would be minimal. 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:** Under this proposal, any county would be permitted to create a district. Each district would encompass the unincorporated portion of the county plus any municipalities and townships 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 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. In addition, all counties would be permitted to use proceeds from CAGIT or COIT.

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.

All levies for the districts would be subject to the county taxing unit's existing maximum levy. As such, this bill would not grant any additional levy authority. If a county imposes a property tax rate for a district, then the maximum levies for municipalities and townships that join the district would be reduced. The maximum levy reduction would equal the amount the joining unit budgeted in the previous year for public safety communications systems and computer facilities. This would lead to an overall reduction in property tax levies in counties where the district levy is imposed and municipalities and/or townships join the district.

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

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

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

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