

**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 6229

BILL NUMBER: HB 1079

NOTE PREPARED: Dec 10, 2008

BILL AMENDED:

SUBJECT: Payments in Lieu of Taxes.

FIRST AUTHOR: Rep. Grubb

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Department of Natural Resources (DNR) beginning in 2012 to make a semiannual payment in lieu of property taxes (PILOT) for parcels of land that (1) consist of at least 100 acres; (2) are owned or leased by the DNR; (3) used as a state park; and (4) are subject to an exemption from property taxes. It allows a county and a conservancy district in which land owned by the DNR is located to collect a PILOT.

The bill provides that for purposes of calculating a PILOT, the land is considered to have an assessed value (AV) of 1/3 of the statewide agricultural land value base.

The bill establishes the PILOT Transfer Account within the state General Fund. It appropriates from the state General Fund to the PILOT Transfer Account the amount necessary to make required distributions to counties and conservancy districts.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Summary* - State expenditures would increase by an estimated \$700,000 in PILOTS in 2012 with a slight increase in this figure for 2013.

PILOT Transfer Account: The bill establishes the PILOT Transfer Account within the state General Fund to provide money for the distributions of PILOTS. The account is administered by the Auditor of State. Expenses of administering the account are paid from money in the account. Money in the account at the end of a state fiscal year does not revert to the state General Fund. The bill annually appropriates from the state General Fund to the account the amount necessary to make PILOT distributions. The bill continuously

appropriates from the account an amount necessary to make the PILOT distributions.

DNR Expenses: Beginning in 2012, the DNR must make a PILOT on May 1 and November 1 of each year on each parcel of DNR state park land that consists of at least 100 acres. The DNR will experience an increase in expenditures associated with the administration of the above. The specific impact is indeterminable.

Department of Local Government Finance (DLGF) Expenses: The DLGF may adopt standards for the transfer of information that is necessary to assist counties and conservancy districts. The DLGF must prescribe forms for reporting the information. These provisions will add administrative expenses for the DLGF. The specific impact is indeterminable.

Background. The DNR manages approximately 68,358 acres in state parks. The PILOT equals the amount of property taxes that would have been levied upon the land if the land were assigned an AV equal to the product of the number of acres multiplied by 33 1/3% of the statewide agricultural land value base.

The statewide agricultural land value base is estimated at \$1,430 for 2012. The average tax rate for Pay 2012 is estimated at \$2.15.

Assuming that all state park land is eligible for a PILOT, total PILOTS for Pay 2012 are estimated at \$700,000. (Total PILOTS would equal 68,358 acres multiplied by \$1,430 per acre multiplied by .3333 multiplied by the estimated tax rate of \$2.15 per \$100 of AV or $((68,358 * \$1,430 * .333) / 100 * \$2.15)$.)

Actual state expenditures will depend on actual tax rates in the taxing districts where the DNR land is located. A PILOT bears interest if unpaid.

Explanation of State Revenues: *PILOT Transfer Account:* The Treasurer of State must invest the money in the account not currently needed to meet the obligations of the account in the same manner as other public money may be invested.

Explanation of Local Expenditures: A PILOT is distributed to a county or conservancy district in the same manner as ad valorem property taxes. The proposal might result in a small increase in administrative expenses on the local level.

Explanation of Local Revenues: Counties and conservancy districts that contain state park land would receive PILOTS from the state. PILOTS are estimated at around \$700,000 per year. This additional local revenue could result in a reduction in local property tax rates.

State Agencies Affected: DNR; Auditor of State; Treasurer of State; DLGF.

Local Agencies Affected: Counties and conservancy districts that contain certain land owned or leased by the DNR.

Information Sources: State Land Office (232-3335); Local Government Database; DNR (233- 6904).

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.