

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6968

BILL NUMBER: HB 1386

NOTE PREPARED: Dec 30, 2008

BILL AMENDED:

SUBJECT: Maximum Term of Loan to Political Subdivision.

FIRST AUTHOR: Rep. Reske

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill provides that a political subdivision may execute a note that is payable over a period not exceeding 12 years (as opposed to six years under current law) to finance a public work project of not more than \$2,000,000.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: This provision would spread out principal and interest payments over a longer period of time. However, depending on the rates available for a longer-term loan, localities may repay more interest over the life of a loan that is 12 years in length versus six years. The impact to local expenditures would depend on local action and the amount of loans secured between seven and 12 years.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Political subdivisions.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.