

**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 6982

BILL NUMBER: HB 1527

NOTE PREPARED: Jan 21, 2009

BILL AMENDED:

SUBJECT: Tax increment financing.

FIRST AUTHOR: Rep. Candelaria Reardon

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ___ **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that in counties other than Marion County, property tax proceeds allocated under tax increment financing (TIF) may be used for:

- (1) improvements that are located in or serve the TIF allocation area; or
- (2) in the case of a redevelopment commission established by a municipality, improvements that are located within the municipality.

The bill also provides that in counties other than Marion County, property tax proceeds allocated under a TIF housing program may be used for specified purposes:

- (1) within the TIF allocation area; or
- (2) in the case of a redevelopment commission established by a municipality, within the municipality.

The bill also specifies certain improvements that may be financed with property tax proceeds allocated under TIF.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: Current law restricts the use of TIF proceeds to pay for local public improvements that are physically located in or connected to the TIF area. Under this bill, TIF dollars could

be used to fund improvements that serve the TIF area regardless of location and also improvements that are located anywhere within a municipality if the municipality established the TIF area.

Currently, if the amount of allocated assessed value in a TIF area exceeds the amount necessary to generate sufficient funds to meet obligations, then the excess AV must be reallocated to the affected taxing units. The reallocation of AV to the taxing units reduces tax rates and increases revenues in cumulative funds. If additional projects are funded due to the expanded scope of use in this bill, the amount of excess AV available for reallocation could be reduced.

The bill adds a partial list of improvements that may be financed with TIF proceeds. The list includes sanitary sewers, sidewalks, curbs, streets, alleys, pedestrian malls, paved areas, parking, lighting, electrical signals, landscaping, and waterworks. However, the bill does not limit the use to only these improvements.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Redevelopment commissions; Local civil taxing units and school corporations.

Information Sources:

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