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**FISCAL IMPACT STATEMENT**

**LS 6651**

**BILL NUMBER: SB 388**

**NOTE PREPARED: Jan 1, 2009**

**BILL AMENDED:**

**SUBJECT:** Property Tax Levies for Mental Health Services.

**FIRST AUTHOR:** Sen. Broden

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

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

**IMPACT:** Local

**Summary of Legislation:** This bill indicates that property tax levies that are imposed by a county for the first time after 2008 for a community mental health center (CMHC) or a community mental retardation and other developmental disabilities center (CMRC) are outside the general levy limit that applies to other county levies.

**Effective Date:** January 1, 2009 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under HEA 1001-2008, the property taxes levied by a county for a CMHC or a CMRC are exempt from the county's maximum levy limit if the center was funded in 2008. Future county levies for a center that was not funded in 2008 are subject to the county's maximum levy limit. In addition, levy growth for existing centers is limited to the income-based assessed value growth quotient (about 4% per year).

Prior to the passage of HEA 1001-2008, these levies were not subject to the county's maximum levy limit. Levy growth for a CMHC was already limited to the AV growth quotient. The levy for a CMRC was (and still is) limited to the amount generated by a tax rate of \$0.0333 per \$100 AV, as adjusted for valuation adjustments since 2003.

Under this bill, the levies for all centers would again be exempt from the county's maximum levy limit. The existing levy growth limit for CMHCs would remain in place. The levy growth limit for CMRCs would be eliminated, but the levy would still be limited to the proceeds from an adjusted \$0.0333 tax rate.

Currently, 91 counties (all but Brown) fund a CMHC and 79 counties fund a CMRC. Total levies for 2008 (or 2007 in a few counties) were \$32.3 M for CMHCs and \$10.8 M for CMRCs.

Since any new or increased levies for a center would not be subject to the county maximum levy limit, the total county levy would increase if the center levies increase. The maximum amount that could be levied for a CMRC by the 13 counties that haven't funded one is about \$5.5 M. These counties include Daviess, Hancock, Hendricks, Henry, Howard, Jefferson, LaPorte, Martin, Parke, Posey, Putnam, Shelby, and Sullivan. In addition, the remaining 79 counties would have the authority to increase their CMRC levies by about \$35 M if they elect to fund the centers at the maximum tax rate.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Counties.

**Information Sources:** Local Government Database, Department of Local Government Finance.

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