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**FISCAL IMPACT STATEMENT**

**LS 6651**

**BILL NUMBER: SB 388**

**NOTE PREPARED: Feb 23, 2009**

**BILL AMENDED: Feb 19, 2009**

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

**FIRST AUTHOR:** Sen. Broden

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

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

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill permits a county that wants to impose a property tax levy for the first time after 2008 for a community mental health center (CMHC) or a community mental retardation and other developmental disabilities (MRDD) center to submit a first year budget for approval by the Department of Local Government Finance (DLGF). It provides that the first year levy for the approved budget is outside the property tax levy limit.

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

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) Under HEA 1001-2008, the property taxes levied by a county for a CMHC or an MRDD center are exempt from the county's maximum levy limit if the center was funded in 2008. Future county levies are subject to the county's maximum levy limit in counties that did not fund a center in 2008. 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 an MRDD center 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, a future levy to support a center in a county that had not imposed a levy before January 1, 2009 would be exempt from the county's maximum levy limit. The DLGF would have to approve the county's initial appropriation (and maximum levy exception). The existing annual levy growth limits would remain in place.

Currently, every county funds a CMHC and 79 counties fund an MRDD center. Total levies for 2008 (or 2007 in a few counties) were \$32.4 M for CMHCs and \$10.8 M for MRDD centers.

The maximum amount that could be levied for an MRDD center in 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.

The additional levy could increase circuit breaker credits in areas where the circuit breaker has been triggered. The actual fiscal impact depends on local action and DLGF approval.

**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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