

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6334

BILL NUMBER: HB 1139

NOTE PREPARED: Dec 9, 2009

BILL AMENDED:

SUBJECT: Sales Tax on Home Energy.

FIRST AUTHOR: Rep. Stevenson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a Sales Tax exemption for the sale of power, light, and heat for residential use. It eliminates references to the Sales Tax exemption for home energy acquired through home energy assistance, which expired July 2, 2009.

Effective Date: Upon passage; July 1, 2010.

Explanation of State Expenditures: This bill will cause an indeterminable increase in administrative costs of the Department of State Revenue (DOR). The bill will require the DOR to amend forms, develop procedures, and update computer software for use in administering the home energy Sales Tax exemption created in this bill. It is estimated that the DOR could implement these provisions through the use of existing staff and resources.

Explanation of State Revenues: This bill will decrease Sales Tax collections by between an estimated \$361.5 M in FY 2011 and \$417.6 M in FY 2012. The FY 2011 estimate is adjusted for 11 months of collections due to the effective date of the bill. The bill provides a Sales Tax exemption for purchases of power, light, and heat for residential use.

Sales Tax revenue is deposited in the state General Fund (99.178%), the Public Mass Transportation Fund (0.670%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

The impact on the funds receiving Sales Tax distributions is as follows.

	FY 2011 (in millions)	FY 2012 (in millions)
General Fund	(\$358.51)	(\$414.21)
Public Mass Transportation Fund	(\$2.42)	(\$2.80)
Industrial Rail Services Fund	(\$0.11)	(\$0.12)
Commuter Rail Services Fund	(\$0.44)	(\$0.51)
TOTAL	(\$361.48)	(\$417.64)

This estimated revenue loss may be offset by an increase in consumption due to the decrease in the total sales price of these energy purchases. However, it is estimated that there will not be a significant increase in consumption by exempting the sales of energy from the Sales Tax because of conservation concerns other than cost to the consumer.

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues would decrease to the extent that a local unit receives funds from the Public Mass Transportation Fund, the Commuter Rail Service Fund, or the Industrial Rail Service Fund.

State Agencies Affected: DOR.

Local Agencies Affected:

Information Sources: Energy Information Administration. www.eia.doe.gov.

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