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 6511 **NOTE PREPARED:** Dec 17, 2009
BILL NUMBER: HB 1254 **BILL AMENDED:**

SUBJECT: Certified Technology Parks.

FIRST AUTHOR: Rep. Truitt **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL** **IMPACT:** State & Local
DEDICATED
FEDERAL

Summary of Legislation: This bill permits a county fiscal body to allow a 100% assessed value deduction for personal property that is primarily used to conduct high technology activity and is newly located within a certified technology park. It requires the county council of a county in which a certified technology park is located to determine how many years the personal property is entitled to a deduction. It provides that the deduction must be granted for at least two years but not more than ten years. It excludes from the deduction any personal property that is part of the assessed value used for tax increment financing and personal property that is used primarily for routine administrative purposes.

Effective Date: July 1, 2010.

Explanation of State Expenditures: This bill authorizes the Department of Local Government Finance (DLGF) to prescribe a form for the deduction schedule. This could add administrative duties to the DLGF. However, the bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under this proposal, a county fiscal body may adopt an ordinance exempting an owner of personal property that is located within a certified technology park and is used primarily to conduct high technology activity, from paying property taxes on the property for two to ten years as specified in the ordinance. The ordinance must be adopted before January 1 of the first assessment year for which the taxpayer may claim the exemption. The property must be assessed for the first time between 2011 and 2015 inclusive. Qualified personal property installed after March 1, 2015, is not eligible for this exemption. The exemption excludes any assessed value (AV) used for tax increment financing or for routine administrative purposes.

To obtain the deduction each year, the taxpayer must file a certified deduction schedule with the county assessor. The county assessor may approve, deny, or alter the amount of the deduction. The taxpayer may appeal the assessor's decision.

This proposal could result in an increase in investment (and AV) within certified technology parks. The potential increase is indeterminable at this time. The impact on applicable taxing units would depend on whether the increase would occur because of this bill. If the increase in investment occurs primarily because of the bill, then the benefits of the increase in AV after the exemption has expired (increased revenue, a possible decrease in tax rates and circuit breaker credits) has to be weighed against the cost of the exemption in the short term (over the two- to ten-year period).

On the other hand, if the increase would occur in spite of the bill, then the taxing unit would have to forgo the addition to its tax base (and the associated increase in revenue and a possible reduction in tax rates and circuit breaker credits) until the exemption period is over. The impact would depend on the value of the personal property involved and the length of the exemption.

State Agencies Affected: DLGF.

Local Agencies Affected: County councils; County assessors; County auditors, Local taxing units.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.