

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7043

BILL NUMBER: HB 1182

NOTE PREPARED: Jan 4, 2012

BILL AMENDED:

SUBJECT: Personal property exemptions at certain facilities.

FIRST AUTHOR: Rep. Candelaria Reardon

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows a five year property tax abatement for personal property installed in facilities that are also subject to an income tax credit for industrial recovery sites, military base recovery sites, historic rehabilitation, or community revitalization enhancement districts.

Effective Date: July 1, 2012.

Explanation of State Expenditures: The Department of Local Government Finance (DLGF) would have to add a line for the deduction to the personal property tax return. The DLGF updates the return form each year so this provision would not increase state expenses.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill would apply to personal property installed after December 31, 2012. Taxpayers could not receive both the deduction under this bill and a deduction under the current abatement statute.

If there is an increase in new personal property purchased because of this proposal, the new property would, at some point, be placed on the tax rolls. This could help spread the property tax burden and could possibly reduce some tax rates. A tax rate reduction could result in lower circuit breaker losses.

However, if one assumes that new investment would be made with or without the abatement, an increase in

abatements could also cause a delay of the tax shift from all taxpayers to the owners of the new property until the property is placed on the tax rolls. Also, rate-controlled funds would not get the benefit of the added AV (increased levies) until the deduction expires.

Additionally, if property is moved from another location and installed in a qualified facility, then the tax base would be reduced for the taxing units at the previous location of the property. The smaller tax base would result in higher tax rates and possibly higher circuit breaker losses.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Civil taxing units and school corporations.

Information Sources:

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