

**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 6303

BILL NUMBER: HB 1070

NOTE PREPARED: Feb 20, 2013

BILL AMENDED:

SUBJECT: Cloverdale Food and Beverage Tax.

FIRST AUTHOR: Rep. Baird

BILL STATUS: 2nd Reading - 1st House

FIRST SPONSOR:

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

IMPACT: State & Local

Summary of Legislation: This bill authorizes the Cloverdale town council to impose a 1% Food and Beverage Tax on taxable food and beverage transactions in the town. It also specifies the uses to which receipts from the Food and Beverage Tax may be applied.

Effective Date: July 1, 2013.

Explanation of State Expenditures: The Cloverdale Food and Beverage Tax would be collected in the same manner as the state Sales Tax. The Department of State Revenue (DOR) may need to make administrative adjustments to process this tax. It is estimated that the provisions of this bill can be covered within the DOR's existing level of resources.

Explanation of State Revenues:

Explanation of Local Expenditures: Cloverdale could incur costs associated with implementing the tax. However, these costs would likely be offset by revenue generated by the Food and Beverage Tax. Cloverdale would establish a Food and Beverage Tax Receipts Fund for the financing, construction, operation, maintenance, and debt service of the following facilities: sanitary sewers or wastewater treatment facilities; drainage or flood control facilities; and water treatment, storage, or distribution facilities. All Cloverdale Food and Beverage Tax revenue would be deposited in this fund.

Explanation of Local Revenues: Summary: This bill authorizes the Cloverdale town council to levy a 1% Food and Beverage Tax. The tax could go into effect as early as September 1, 2013, in which case Cloverdale

could receive three months of revenue in CY 2013 and a full year of revenue beginning in CY 2014. The table below shows predicted revenue for the proposed 1% Food and Beverage Tax.

Calendar Year	Total Food and Beverage Tax Revenue
2013*	\$15,659
2014	73,683
2015	84,790

*3 months of revenue.

County-level Food and Beverage Tax estimates are derived from a statistical model estimating the relationship between county-level food and beverage expenditures and socioeconomic factors. A portion of the revenue estimated for Putnam County was allocated to Cloverdale based on the town's share of the food and beverage industry in the county.

Background: Currently 11 counties and 12 cities and towns levy a 1% Food and Beverage Tax. Marion County levies a 2% Food and Beverage Tax. Total receipts in state FY 2011 were about \$69 M.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: Town of Cloverdale.

Information Sources: State Auditor's Data; OFMA ES-202 databases; IHS Global Insight, Indiana County Level Data Forecast, June 2012; U.S. Census Bureau.

Fiscal Analyst: Lauren Sewell, (317) 232-9586.