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FISCAL IMPACT STATEMENT

LS 7414

BILL NUMBER: HB 1556

NOTE PREPARED: Jan 12, 2013

BILL AMENDED:

SUBJECT: Redevelopment Commissions and Brownfields.

FIRST AUTHOR: Rep. Culver

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill applies to all counties except Marion County.

This bill provides that funds of a redevelopment commission, including property tax proceeds allocated from a tax increment finance (TIF) allocation area, may be used to pay the costs of environmental remediation of a brownfield located in an allocation area.

The bill also specifies that a redevelopment commission may adopt a resolution:

- (1) providing that any increase in the net assessed value of residential property in an allocation area is not part of the base assessed value of the allocation area; and
- (2) requiring that any property taxes allocated to the redevelopment commission from such an increase in the net assessed value of residential property may be used only to pay the costs of environmental remediation of a brownfield within the allocation area.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* This bill would authorize redevelopment commissions to use TIF

revenue to remediate brownfield property within an allocation area. The allocated taxes used to remediate brownfields could include residential taxes. Taxes paid on residential property are currently excluded from TIF allocations. This bill could encourage brownfield remediation projects that include a residential component.

If there is an increase in brownfield redevelopment because of the use of TIF, the new property would, at some point, be placed on the tax rolls. The added assessed value would reduce tax rates and reduce revenue losses due to circuit breakers. However, if one assumes that the investment would be made independent of TIF, the delay in the property being placed on the tax rolls results in a delay of the property tax burden shift from all taxpayers to the owners of the new property until the property is placed on the tax rolls.

Background: Currently, a redevelopment commission may declare an area to be an area in need of redevelopment. The commission may declare areas within the redevelopment area to be TIF allocation areas. Property taxes charged on new AV in an allocation area are allocated to the redevelopment commission. Allocated AV is excluded from the tax base that is used to calculate property tax rates. New residential property is considered a part of the base so the allocated AV does not include any residential AV.

State Agencies Affected:

Local Agencies Affected: Local redevelopment commissions.

Information Sources:

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