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FISCAL IMPACT STATEMENT

LS 6345
BILL NUMBER: SB 405

NOTE PREPARED: Jan 2, 2013
BILL AMENDED:

SUBJECT: Public Transportation Corporation Funding.

FIRST AUTHOR: Sen. Banks
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that a redevelopment commission of a municipality may provide revenue to a public transportation corporation (PTC) from property tax proceeds allocated to the redevelopment commission in a tax increment financing (TIF) area.

The bill limits the amount of revenue to the amount of property tax revenue received by the redevelopment commission that is attributable to the public transportation corporation's tax rate. It also requires a joint public hearing of the municipality's legislative body and the redevelopment commission and the adoption of substantially similar authorizing resolutions.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* Based on current property tax rates and assessed value (AV) allocations, this bill would permit up to \$5.3 M per year to be transferred from local redevelopment commissions to PTCs. The actual amount of transfers, if any, would depend on local agreements.

Background: Currently, property taxes charged on new AV in a TIF allocation area are allocated to the local

redevelopment commission. Allocated AV is excluded from the tax base that is used to calculate property tax rates.

TIF proceeds may currently be used to pay for the development of the allocation area, including local public improvements that are physically located in or connected to the allocation area.

This bill would permit a municipality’s legislative body and a redevelopment commission to agree to a transfer of TIF proceeds to the PTC. Any agreement would have to include the boundaries of the affected allocation area(s) and the annual amount of revenue to be transferred. Revenue transfers would be limited to the amount of TIF proceeds that are generated by the PTC’s property tax rate.

In CY 2012, there were eight PTCs that received property tax revenue. These corporations had a combined certified net assessed value of \$56.7 B and a certified levy of \$45.7 M.

In addition to the certified net AV, \$6.3 B in AV was allocated to TIF districts in areas served by the PTCs. Based on the certified tax rates of the PTCs, the \$6.3 B in AV allocations generated \$5.2 M in anticipated TIF proceeds. A portion of the \$5.2 M will be lost to circuit breaker credits. Based on 2012 property tax rates and TIF AV, the potential transfer by PTC under this bill before circuit breaker losses is as follows:

Taxing Unit	2012 Tax Rate	PAY 2012 TIF AV (M)	Potential Transfer
Fort Wayne Public Transportation	.0582	360.5	209,811
Muncie Public Transportation	.2518	136.2	342,833
Gary Public Transportation	.1692	247.5	418,761
Indianapolis Public Transportation	.0803	3,064.9	2,461,127
Speedway Public Transportation	.0453	128.8	58,339
Bloomington Transportation	.0322	319.5	102,865
South Bend Public Transportation	.0999	1,328.3	1,327,020
Greater Lafayette Public Transportation	.0477	736.1	351,098
Total		6,321.7	5,271,854

State Agencies Affected:

Local Agencies Affected: Redevelopment districts, Public transportation corporations.

Information Sources: Local Government Database, Department of Local Government Finance.

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