

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6880

BILL NUMBER: HB 1355

NOTE PREPARED: Jan 19, 2015

BILL AMENDED:

SUBJECT: Local Service Fees on Tax-Exempt Property.

FIRST AUTHOR: Rep. Saunders

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill allows a county fiscal body to impose a local service fee on tax-exempt property within the county (other than a building used for religious worship and the parcel of land on which such a building is located).

The bill provides that after June 30, 2016, a municipal fiscal body may impose a local service fee on such tax-exempt property within the municipality if the county fiscal body has not imposed a local service fee.

The bill provides that the fiscal body of a county or municipality imposing a local service fee shall determine the amount of the fee to be imposed. It authorizes a fiscal body to exercise reasonable discretion in adopting different schedules of local service fee rates or making classifications in schedules of local service fee rates, based on variations in the costs of furnishing basic and essential government services, including capital expenditures required.

This bill provides that the revenue from a local service fee shall be distributed to the county, the municipality (if any), and the township in which the tax-exempt property is located. It specifies that the revenue shall be distributed proportionally based on the county's, the municipality's, and the township's tax rate. The bill specifies that the revenue from a local service fee may be used for any legal or corporate purpose of the county, municipality, or township to which the revenue is distributed.

Effective Date: Upon passage.

Explanation of State Expenditures: Depending on county or municipal adoptions, this bill could increase state expenditures as early as CY 2016. The amount of added state expenditures depends on the number of

state-owned parcels in adopting counties or municipalities and on the rate structure adopted by those entities.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill could increase expenditures for local civil taxing units and school corporations as early as CY 2016. The amount of added expenditures depends on the number of local government-owned parcels in adopting counties or municipalities and on the rate structure adopted by those entities.

Explanation of Local Revenues: As early as CY 2016, this bill will increase revenues for counties, municipalities, and townships where a local service fee is adopted. The amount of revenue depends on the number of nonreligious, exempt parcels in adopting counties or municipalities and on the rate structure adopted by those entities. Statewide, there are about 29,900 nonreligious, exempt parcels. This count does not include local or state government-owned parcels for which data are not available.

State Agencies Affected: State agencies that own real property.

Local Agencies Affected: Civil taxing units and school corporations.

Information Sources: LSA property tax database; County auditor data.

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