

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6598
BILL NUMBER: HB 1132

DATE PREPARED: Dec 8, 1998
BILL AMENDED:

SUBJECT: Allocation of National Forest Revenues.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill would require the State Auditor (Auditor) to allocate monies received from the United States National Forest Service, via the Twenty-Five Per Cent Fund (the Fund), to school corporations located in a county containing federally owned land that generates revenue shared with the State at a 1 to 4 ratio. It would require that such a school corporation deposit monies from the Fund into its general fund.

It would also provide for certain one-time reporting requirements concerning the Auditor and the State Attorney General (Attorney General).

Effective Date: Upon passage; January 1, 2001.

Explanation of State Expenditures: See Explanation of Local Expenditures.

Explanation of State Revenues:

Explanation of Local Expenditures: Under current federal law (16 U.S.C.A. 500), monies from the Fund are appropriated to the Auditor for distribution to eligible counties. Currently, monies allocated to eligible counties are required to be used for schools and for roads, however, federal law does not prescribe how the monies are to be apportioned.

Also under current federal law (31 U.S.C.A. 6901-5) counties receiving monies from the Bureau of Land Management, via payment in lieu of taxes (PILOT), experience a net reduction in PILOT payments proportional to the amount of monies received from the Fund. Monies from PILOT payments can be used for the following: 1) fire and police protection; 2) hospital support; 3) public school and road construction; and 4) search and rescue operations.

This bill would require that the Auditor allocate Fund monies directly to eligible school corporations effective January 1, 2001, and would require the Auditor to notify county treasurers of the passage of this bill, and that counties should not experience a loss of revenue since Fund monies will no longer be deducted from PILOT payments.

This bill would also require that the Attorney General notify the Bureau of Land Management of the passage of this bill, and that deductions from PILOT payments should continue only until December 31, 1999.

The Auditor and the Attorney General could experience a minimal cost associated with the reporting requirements of this bill.

In FY 1997 (federal), \$25,819 in Fund monies were allocated to the Auditor for distribution to the following counties: 1) Brown; 2) Crawford, 3) Dubois; 4) Jackson; 5) Lawrence; 6) Martin; 7) Monroe; 8) Orange; and 9) Perry. Assuming that National Forest Service revenues remain constant, school corporations within these nine counties could receive a total of approximately \$26,000 from the Fund in CY 2001.

If as a result of this bill Fund monies are no longer deducted from PILOT payments, local governments would experience a net increase in federal monies.

Explanation of Local Revenues:

State Agencies Affected: Auditor and Attorney General.

Local Agencies Affected: Counties and School Corporations.

Information Sources: National Conference of State Legislatures.