

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

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6703**  
**BILL NUMBER: HB 1164**

**DATE PREPARED: Mar 2, 1999**  
**BILL AMENDED: Mar 1, 1999**

**SUBJECT:** Vigo County innkeepers' tax.

**FISCAL ANALYST:** Brian Tabor  
**PHONE NUMBER:** 233-9456

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

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill provides that the Vigo County innkeepers' tax may be imposed at a rate of not more than 5%.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The innkeepers' tax is collected locally in Vigo County by the county treasurer. Revenues are deposited into the Convention and Visitor Promotion Fund. As the tax has already been instituted, a rate change should not require any additional expenditures for collection or administration.

**Explanation of Local Revenues:** (Revised) Vigo County currently imposes the innkeepers' tax at a rate of 2%. Revenues from this tax have recently been very stable, as the average growth rate over the past four fiscal years has been 0.16% (see Table A below):

Table A

CY	Innkeeper's Tax Collections
1995	\$293,753
1996	\$303,892
1997	\$295,690
1998	\$294,913

The projections in Table B (below) show the impact over CY 1999-2001, assuming that revenues continue to increase at the 0.16% rate. The table contains revenue estimates at 3%, 4%, and 5% (the Vigo County Council could impose a rate of up to 5% under this bill). The columns show the projected total revenue and the incremental impact of the rate change (estimated revenue under the proposal minus current rate estimates). The table also reflects adjustments for the effective date of this bill. As innkeepers' tax revenue is collected monthly, June collections are paid to the county treasurer in July. Because merchants cannot begin to assess a new tax rate until the July 1, 1999 effective date, only five months of CY 1999 collections would actually be figured at the newly imposed rate (August through December).

Table B: Projected Revenue Impacts of Innkeepers' Tax Rate Change in Vigo County

<b>RATE</b>	<b>FY 1999 REVENUE</b>	<b>CY 1999 IMPACT</b>	<b>FY 2000 REVENUE</b>	<b>CY 2000 IMPACT</b>	<b>FY 2001 REVENUE</b>	<b>CY 2001 IMPACT</b>
<b>3%</b>	\$357,200	<b>\$61,600</b>	\$444,200	<b>\$148,100</b>	\$444,900	<b>\$148,300</b>
<b>4%</b>	\$418,800	<b>\$123,200</b>	\$592,200	<b>\$296,100</b>	\$593,200	<b>\$296,600</b>
<b>5%</b>	\$480,400	<b>\$184,800</b>	\$740,300	<b>\$444,200</b>	\$741,500	<b>\$444,900</b>

**State Agencies Affected:**

**Local Agencies Affected:** Vigo County Treasurer, Vigo County Convention and Visitor Commission.

**Information Sources:**