

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

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7526**  
**BILL NUMBER: HB 1458**

**DATE PREPARED:** Mar 31, 1999  
**BILL AMENDED:** Mar 30, 1999

**SUBJECT:** Innkeeper's Tax; Evansville State Hospital Advisory Committee.

**FISCAL ANALYST:** Brian Tabor; Bob Sigalow  
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**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			
State Expenditures		9,000	9,000
Net Increase (Decrease)		(9,000)	(9,000)

**Summary of Legislation:** (Amended) *Elkhart County innkeeper's tax*: This bill deletes the requirement that hotels or motels managed by certain members of the innkeeper's tax commission in Elkhart County must have banquet facilities, a restaurant, and a lounge in one complex under common ownership.

*Vanderburgh County innkeeper's tax*: This bill requires the Vanderburgh County treasurer to establish a Convention Center Operating Fund and requires the treasurer to deposit in the fund the amount of innkeeper's tax that is generated by a 1% rate. Money in this fund must be expended for the operating expenses of a convention center, and the fund expires January 1, 2006.

This bill provides that for the period beginning January 1, 2000 and ending December 31, 2005, the county treasurer shall deposit in the Tourism Capital Improvement Fund the amount of innkeeper's tax that is generated by a 2% rate. It provides that after December 31, 2005, the treasurer shall deposit in the Tourism Capital Improvement Fund the amount of innkeeper's tax that is generated by a 3% rate. A structure constructed or remodeled with innkeeper's tax money in the Tourism Capital Improvement Fund or the Convention and Visitor Promotion Fund must be open for use by members of the public.

*Evansville State Hospital Advisory Committee*: The bill also establishes the Evansville State Hospital Advisory Committee.

**Effective Date:** (Amended) July 1, 1999; January 1, 2000.

**Explanation of State Expenditures:** (Revised) *Evansville State Hospital Advisory Committee:* The bill would establish the Evansville State Hospital Advisory Committee made up of nine members including four Legislators, the hospital superintendent, the local legislative leader, the parks department head, and one representative each from a nature preserve board and the county convention and visitor commission. The Committee would study proposed uses of the hospital property. The Committee would also review recommendations from the Governor for disposing of the hospital's real property.

Members of the General Assembly serving on the Committee would receive mileage reimbursement plus a salary per diem, which is currently set at \$112 . Legislative Council Resolution 1-98 establishes an annual budget of \$9,000 for such study committees. The Committee would be allotted funds from appropriations made to the Legislative Services Agency. The Division of Mental Health would be required to provide staff services to the Committee. The Committee's duties expire January 1, 2002.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) *Elkhart County innkeeper's tax:* This provision requiring hotels or motels managed by Elkhart County Innkeeper's Tax Commission members must have banquet facilities, a restaurant, and a lounge in one complex under common ownership would not have a fiscal impact.

*Vanderburgh County innkeeper's tax:* This bill requires the treasurer of Vanderburgh County to establish a Convention Center Operating Fund as of January 1, 2000. Money in this fund would be used only for the operating expenses of a convention center. This requirement should not require any additional appropriations for the Vanderburgh County treasurer.

**Explanation of Local Revenues:** (Revised) *Vanderburgh County innkeeper's tax:* Vanderburgh County currently imposes the innkeeper's tax at a rate of 5%. The amount collected from this tax in FY 1998 was \$1,523,388. Under current law, 40% of this revenue is deposited in the Convention and Visitor Promotion Fund and the remaining 60% is deposited in the Tourism Capital Improvement Fund.

This bill provides that after December 31, 1999 and before December 31, 2005, the amount deposited in the Tourism Capital Improvement Fund would be reduced to 40% of total innkeeper's tax revenue. The 20% formerly deposited in this fund would be diverted to the newly established Convention Center Operating Fund for six years. Based on the FY 1998 collections, this transfer of funds would be approximately \$305,000 for six years. On January 1, 2006, the Convention Center Operating Fund would expire and the Tourism Capital Improvement Fund would resume receipt of 60% of innkeeper's tax revenue.

**State Agencies Affected:** Legislative Services Agency; Department of Mental Health.

**Local Agencies Affected:** Elkhart County Innkeeper's Tax Commission; Vanderburgh County treasurer.

**Information Sources:** Department of Revenue.