

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

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6269**

**BILL NUMBER: HB 1858**

**DATE PREPARED:** Nov 13, 1998

**BILL AMENDED:**

**SUBJECT:** City and Town Cumulative Capital Development Fund.

**FISCAL ANALYST:** David Hoppmann

**PHONE NUMBER:** 232-9559

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

**IMPACT:** Local

**Summary of Legislation:** This bill would increase the maximum Cumulative Capital Development Fund (Fund) property tax rate from \$0.15 to \$0.65 per \$100 of assessed valuation for cities and towns in counties that have adopted either the County Adjusted Gross Income Tax (CAGIT) or the County Option Income Tax (COIT), if the Fund tax has been imposed for more than three years.

**Effective Date:** January 1, 2000.

**Explanation of State Expenditures:** The State would not be responsible for additional Property Tax Replacement Credit (PTRC) as a result of this bill.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, the maximum rate that may be imposed for the Fund is \$0.15 per \$100 of assessed valuation for cities and towns in counties that have adopted either CAGIT or COIT, if the Fund levy has been imposed for more than two years.

This bill would increase the Fund's current maximum property tax rate from \$0.15 to \$0.65 per \$100 of assessed valuation, if the Fund levy has been imposed for more than three years.

For the approximately 301 cities and towns currently imposing a Fund levy in CAGIT and COIT adopting counties, a property tax rate increase of \$0.50 would generate a potential revenue stream of approximately \$85 M for CY 98. For the approximately 284 cities and towns which are allowed to impose, but are not currently imposing a Fund tax in CAGIT and COIT adopting counties, a property tax rate increase of \$0.50 would generate a potential revenue stream of approximately \$36 M for CY 98.

Overall potential revenue generated, as a result of this bill, could total approximately \$121 M for the approximately 585 cities and towns currently allowed to impose a Fund tax in CAGIT and COIT adopting counties for CY 98.

This bill would apply to taxes first due and payable after December 31, 1999.

The specific effects of this bill would depend upon local action.

**State Agencies Affected:**

**Local Agencies Affected:** Cities and Towns.

**Information Sources:** Local Government Data Base.