

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

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7334**

**BILL NUMBER: HB 1882**

**DATE PREPARED:** Jan 22, 1999

**BILL AMENDED:**

**SUBJECT:** Oil rerefining tax credit.

**FISCAL ANALYST:** Diane Powers

**PHONE NUMBER:** 232-9853

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

**IMPACT:** State

**Summary of Legislation:** This bill provides a refundable property tax credit for rerefined lubrication oil facilities.

**Effective Date:** January 1, 1999 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:** According to this proposal, a taxpayer who owns a facility that processes re-refined lubrication oil would be entitled to a refundable credit against the owner's state tax liability. The credit would be equal to 80% of the property tax paid by the taxpayer on (1) real property on which a re-refinery is located and (2) personal property used in the processing and transportation of re-refined lubrication oil.

Currently, at least one taxpayer would qualify for the credit. The property taxes paid by this taxpayer are estimated at \$838,000 M in CY99 and \$859,000 in CY 2000. This taxpayer experienced a significant increase in their property taxes is due to the phase out of the Resource Recovery Property Tax Credit. This tax credit (80% of the property tax) is estimated at \$670,000 in FY2000 and \$687,000 in FY 2001. This tax credit is refundable but may not be carried back.

It is possible that additional unknown taxpayers either currently qualify for this tax credit or will in the future creating an indeterminable impact on future tax collections.

The credit may be applied to corporate gross, adjusted gross income, supplemental net income tax, insurance premiums, financial institutions tax and sales tax. These taxes are deposited in the general fund and the property tax replacement fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Local revenues would not be affected by this proposal.

**State Agencies Affected:** Indiana Department of Revenue.

**Local Agencies Affected:**

**Information Sources:** Jim Gutting, Barnes and Thornburg (638-1313).