

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

301 State House
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FISCAL IMPACT STATEMENT

LS 8024

BILL NUMBER: HB 1909

DATE PREPARED: Feb 17, 1999

BILL AMENDED: Feb 16, 1999

SUBJECT: Brownfield remediation and redevelopment.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) (1) This bill allows the Department of Commerce to use money remaining in the Enterprise Zone Fund at the end of a fiscal year to provide grants to enterprise zones for brownfield remediation and redevelopment activities.

(2) It provides that an application for assistance from the Environmental Remediation Revolving Loan Program is required to include an opinion of bond counsel only if the assistance being sought is a loan.

(3) It permits the Indiana Development Finance Authority to deposit appropriations and other money received under the environmental remediation revolving loan program into a subaccount of the Environmental Remediation Revolving Loan Fund for the purpose of providing forgivable loans to political subdivisions for brownfield remediation and redevelopment.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) (1) This bill provides that the Department of Commerce may use money remaining in the Enterprise Zone Fund at the end of a fiscal year to provide grants to enterprise zone associations for brownfield remediation and redevelopment activities within the 21 enterprise zones in the state. Under current statute, revenue in the Enterprise Zone Fund is used to pay salaries of employees of the Enterprise Zone Board and to pay administrative expenses of the enterprise zone program. This may increase the Department of Commerce's expenditures if it provides grants from this Fund.

The Enterprise Zone Fund receives revenue from the registration fee paid by certain enterprise zone businesses. If a business receives enterprise zone incentives in excess of \$1,000 in any year, the business must pay a registration fee equal to one percent of its incentives. The Fund receives between \$300,000 and \$400,000 in registration fee revenue annually. The budget request for the enterprise zone program is \$177,105 for both FY 2000 and FY 2001. The balance of the Fund at the end of FY 98 was approximately

\$1.1 million.

(3) It allows the Indiana Development Finance Authority (IDFA) to deposit appropriations and other money received under the environmental remediation revolving loan program after June 30, 1999 into a subaccount of the Environmental Remediation Revolving Loan Fund (ERRLF). IDFA must then use money in the subaccount to award forgivable loans to political subdivisions for brownfield remediation and redevelopment. Not more than 20% of the total amount of loans provided for a project may be in the form of a forgivable loan.

Explanation of State Revenues:

Explanation of Local Expenditures: (2) It provides that an application for assistance from the ERRLF is required to include an opinion of bond counsel only if the assistance being sought is a loan. This may decrease the expenses of political subdivisions if they apply for financial assistance other than loans.

Explanation of Local Revenues: (Revised) (3) See State Expenditures.

State Agencies Affected: Department of Commerce; Indiana Development Finance Authority.

Local Agencies Affected: Political subdivisions.

Information Sources: Lara Beck, Indiana Development Finance Authority, 233-4332; Leslie Richardson, Department of Commerce, 232-8962.