

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

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6382**

**BILL NUMBER: HB 1995**

**DATE PREPARED: Jan 25, 1999**

**BILL AMENDED:**

**SUBJECT:** Elimination of Property Tax for Schools.

**FISCAL ANALYST:** David Hoppmann

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

**IMPACT:** State & Local

**Summary of Legislation:** This bill would eliminate the authority of a school corporation to impose a property tax levy for school purposes, excluding property tax levies imposed by the school corporation for a public library, historical society, or art association.

It would allow a school corporation to impose a local income tax for education of not more than 1.2%. It would increase the sales tax to 6%. It would increase the Adjusted Gross Income Tax on corporations to 4.4% and the Supplemental Net Income Tax on corporations to 6.0%.

It would provide a state tuition support formula equal to the difference between the school corporation's expenditure limit and the amount that the school corporation can raise from a local income tax for education of 1.2%. It would establish the State Emergency Reserve Fund and would transfer money from the State General Fund to the State Emergency Reserve Fund.

It would make conforming changes to convert the school budget year from a calendar year to a school year.

It would eliminate state and local property tax replacement credit and homestead credit distributions to school corporations.

**Effective Date:** July 1, 1999; January 1, 2000; July 1, 2000; January 1, 2001; March 1, 2001; March 2, 2001; July 1, 2001; January 1, 2002.

**Explanation of State Expenditures:** The analysis of this bill is incomplete at this time. This impact statement will be updated as information becomes available.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**