

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

301 State House
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FISCAL IMPACT STATEMENT

LS 6172

BILL NUMBER: SB 24

DATE PREPARED: Apr 6, 1999

BILL AMENDED: Apr 5, 1999

SUBJECT: Capital Improvements for Schools and Tax Money.

FISCAL ANALYST: David Hoppmann

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) (1) This bill would require that if a county treasurer or county auditor does not distribute tax money due to a taxing unit on or before the first day of the month immediately following the settlement date, the treasurer and auditor shall pay to the taxing unit interest on the taxing unit's undistributed money at a rate of 6% (under current law, interest must be paid under those circumstances only if the undistributed tax money is invested in an interest bearing instrument).

(2) It would also specify that if a county treasurer fails to make a semi-annual settlement with the auditor of the county, or fails to pay the money due the county for any civil taxing unit or school corporation, the county auditor would be liable for 110% of the taxes.

(3) It would also allow not more than 5% of the levy for a school corporation's Capital Projects Fund to be used for construction, repair, replacement, remodeling, or maintenance of school sports facilities.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) (1) Under current law, county treasurers and auditors are required to pay to taxing units interest on undistributed tax money that is invested in an interest bearing instrument (tax money is required to be distributed on or before the first day of the month immediately following the settlement date). The amount of interest equals the taxing unit's proportionate share of the actual amount of interest which is received from investments of the undistributed tax money.

This bill would require that if a county treasurer or county auditor does not distribute tax money due to a

taxing unit on or before the first day of the month immediately following the settlement date, the treasurer and auditor shall pay to the taxing unit interest on the taxing unit's undistributed money at a rate of 6% (regardless of whether or not the money is invested).

This provision would likely compel non-compliant county treasurers and auditors (if any) to conform with current law requiring that they distribute tax money to taxing units on or before the first day of the month immediately following the settlement date. This bill would not result in a fiscal impact for county treasurers and auditors who comply with current law. However, for county treasurers or auditors who fail to distribute tax money to taxing units in accordance with current law, local expenditures would increase proportionately to the 6% interest provision of this bill.

(2) This bill would also specify that if a county treasurer fails to make a semi-annual settlement with the auditor of the county, or fails to pay the money due the county for any civil taxing unit or school corporation, the county auditor would be liable for 110% of the taxes.

(3) Under current law and rules of the State Board of Tax Commissioners, monies from a school corporation's Capital Projects Fund are prohibited from financing facilities for interscholastic or extracurricular activities. As proposed, a school corporation would be permitted to use up to 5% of its Capital Projects Fund levy for such facilities.

The provisions of this bill would apply only to budget years beginning after December 31, 1999.

During CY 1998, the statewide levy for the Capital Projects Fund was reported to be \$479,192, 842. Five percent of the Capital Projects Fund statewide levy would be approximately \$24 M.

The specific effects of this bill would vary from school corporation to school corporation, and would depend upon local action.

A listing of all 294 school corporations' CY 1998 Capital Projects Fund Levies and 5% figures is available for review at Legislative Services Agency, Office of Fiscal and Management Analysis.

Explanation of Local Revenues: See Explanation of Local Expenditures.

State Agencies Affected:

Local Agencies Affected: County Treasurers and Auditors, Local School Corporations and Civil Taxing Units.

Information Sources: SAS Data Base, Department of Education.