

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

301 State House
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FISCAL IMPACT STATEMENT

LS 6737
BILL NUMBER: SB 285

DATE PREPARED: Jan 1, 1999
BILL AMENDED:

SUBJECT: Dearborn County Option Income Tax.

FISCAL ANALYST: David Hoppmann
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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill would permit Dearborn County to adopt an ordinance that changes the basis of distribution of County Option Income Tax (COIT) revenue from property tax levies to population.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: If Dearborn County adopts an ordinance to change the distribution of COIT from the basis of property tax levies to the basis of population, Dearborn County and its local units would be affected. While the total COIT distribution to Dearborn County would not be affected, the amount each civil unit receives would be affected.

Because the current distribution of COIT revenues is based on property tax levies, a civil unit whose current tax levy per person is greater than the county median will experience a decrease in its COIT distribution under this new distribution formula. Similarly, a civil unit whose current tax levy per person is less than the county median would realize increased COIT revenues. Those units which levy current taxes at or near the median for that county should experience no change in their COIT distribution. The specific impact of this bill would vary from civil unit to civil unit.

Dearborn County's CY 1999 certified distribution is \$3,125,436. Currently, 25 of Indiana's 92 counties impose COIT.

State Agencies Affected: State Board of Tax Commissioners.

Local Agencies Affected: Dearborn County Auditor.

Information Sources: State Budget Agency.