

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

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6117**

**BILL NUMBER:** HB 1067

**DATE PREPARED:** Feb 2, 2000

**BILL AMENDED:** Feb 1, 2000

**SUBJECT:** Wayne County CAGIT; Crawford and Orange County Innkeeper's Taxes.

**FISCAL ANALYST:** Brian Tabor

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

**IMPACT:** Local

**Summary of Legislation:** (Amended) *Wayne County CAGIT:* This bill allows Wayne County to impose the County Adjusted Gross Income Tax (CAGIT) at a rate of 1.25%. It provides that the CAGIT revenue in Wayne County that is derived from the additional 0.25% tax rate may be used only to pay the costs of constructing, improving, or renovating the county jail and related buildings and parking facilities. It authorizes the County Council to pledge the tax revenue from the additional 0.25% tax rate to pay bonds issued for the construction, improvement, or renovation.

*Crawford County Innkeeper's Tax:* This bill provides that Crawford County may adopt an ordinance to replace the Uniform Innkeeper's Tax (currently in effect in the county) with a tax that includes private campsites and campgrounds. (The Uniform Tax does not apply to these types of lodgings.)

*Orange County Innkeeper's Tax:* The bill also allows Orange County to adopt an innkeeper's tax separate from the Uniform Innkeeper's Tax.

**Effective Date:** (Amended) Upon passage; July 1, 2000.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) *Wayne County CAGIT:* Under current law, counties are allowed to impose CAGIT at a tax rate of up to 1%. This bill would allow Wayne County to impose CAGIT at a tax rate of 1.25%. The CY 2000 CAGIT projected collections at a 1% rate for Wayne County are \$10,293,990. An additional 0.25% CAGIT would equal approximately \$2,573,498 in additional gross revenue for the

entire year.

This provision would take effect upon passage. Depending upon when the County Council would impose the increase, Wayne County could receive additional revenue in CY 2000. For example, if the increase were imposed on July 1, 2000, Wayne County could receive up to six months of additional revenue for CY 2000 (approximately \$1.3 M). The projected collections for CY 2001 are not available at this time. These amounts are assumed to be approximate to the CY 2000 projected collections.

This bill would require that the revenue from the additional 0.25% CAGIT rate increase be used to pay the costs of constructing, improving, or renovating Wayne County's jail and related buildings and parking facilities. It would allow Wayne County to impose the additional CAGIT rate only until the later of the following: 1) when construction, improvement, or renovation of the county jail and related buildings and parking facilities is completed; or 2) when bonds issued or loans obtained to finance the project are paid (Wayne County would then be required to reduce its maximum CAGIT rate to 1%).

*Crawford County Innkeeper's Tax:* This bill permits Crawford County to adopt an innkeeper's tax that is similar to the Uniform Innkeeper's Tax but allows for the tax to be assessed on the gross income of private campsites and campgrounds. Crawford County currently imposes the Uniform Innkeeper's Tax at a rate of 5% and collections totaled \$42,409 in FY 1999. Based on information obtained from the Crawford County Tourism Board of Commissioners, it is possible that this bill could generate between \$7,500 and \$10,000 in additional revenue each year. If the new tax is adopted, revenue could still be used only to promote and encourage conventions and tourism.

*Orange County Innkeeper's Tax:* This bill allows Orange County to establish an innkeeper's tax that is similar to the Uniform Innkeeper's Tax (currently in effect in the county) but it makes changes in the composition of the seven-member tourism commission. These provisions regarding Orange County would not have a fiscal impact.

Orange County began imposing its Innkeeper's Tax on January 1, 1999 at a rate of 1%. The total revenue collected through June 30, 1999 was over \$19,900. On January 1, 2000, the rate was increased to 2%.

**State Agencies Affected:**

**Local Agencies Affected:** Wayne, Crawford, and Orange Counties.

**Information Sources:** State Budget Agency; Crawford County Tourism Board, (812) 739-2246; Auditor of State.