

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7077

BILL NUMBER: HB 1397

DATE PREPARED: Jan 21, 2000

BILL AMENDED: Jan 20, 2000

SUBJECT: Local Economic Development Organization grants.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill provides that a Local Economic Development Organization grant: (1) is encumbered when the grant is awarded; and (2) does not revert even if the grant is not expended by the recipient organization before the end of the state fiscal year. It also provides that not more than 25% of the grant amounts awarded may be used for the provision or rehabilitation of low income housing.

Effective Date: (Amended) July 1, 2000.

Explanation of State Revenues: (Revised) This bill provides that when a Local Economic Development Organization (or LEDO/REDO) grant is made, the funds are regarded as encumbered and do not revert to the state General Fund. In FY 1999, the IDOC reverted almost \$473,000 to the state General Fund from the LEDO/REDO Matching Grant Program. A \$2 M General Fund appropriation was made to the Indiana Department of Commerce (IDOC) for the LEDO/REDO Program in the FY 1999-2001 biennium. Of this \$2 M, only about \$10,000 has not been allocated as of December 1999.

This proposal also allows 25% of the total amount of LEDO/REDO grants awarded to be made for the provision or rehabilitation of low income housing. Under current law, these grants may be used only for the operation and economic development efforts of local or regional economic development organizations, urban enterprise associations, not-for-profit groups, and other similar organizations. Expanding the possible uses of LEDO/REDO grants may not necessarily have a fiscal impact, however, if funds were for housing then less may be available for other projects.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Commerce.

Local Agencies Affected: Organizations receiving LEDO/REDO grants.

Information Sources: Leslie Richardson, Director, Division of Research, Indiana Department of Commerce, (317) 232-8962; State Budget Agency.