

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

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6735**  
**BILL NUMBER: SB 253**

**DATE PREPARED:** Dec 15, 1999  
**BILL AMENDED:**

**SUBJECT:** Conservancy district assessments.

**FISCAL ANALYST:** Bernadette Bartlett  
**PHONE NUMBER:** 232-9586

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

**IMPACT:** Local

**Summary of Legislation:** This bill gives the board of directors of a conservancy district the option to impose the district's special or exceptional benefits taxes upon the assessed value of the land within the district without regard to the assessed value of any improvements on that land. (Under current law, the special or exceptional benefits taxes apply to both the land and the improvements on the land.)

**Effective Date:** July 1, 2000.

**Explanation of State Expenditures:** The proposal has no state impact. The state does not pay property tax replacement or homestead credits on conservancy district levies.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Allowing conservancy districts to impose special or exceptional benefits taxes on land without regard to improvements on the land may affect the tax rates or levies assessed for conservancy districts. As a consequence of removing the assessed value of the improvements on the land from the tax base for a conservancy district, the tax rate will increase in order to generate the desired levy. This rate increase causes a shift of the property tax burden from the taxpayers no longer being assessed on their improvements for conservancy district purposes to all taxpayers in the conservancy district. The impact, however, is dependent on local action.

Conservancy districts in Allen County that were established after July 1, 1983, are limited to a \$0.20 tax rate. If these Allen County districts choose to disregard the value of improvements and if they are already at the maximum tax rate, the tax levy would be reduced.

*Background Information.* Conservancy districts are established for flood prevention and control; drainage; irrigation, and water supply; collection, treatment, and disposal of sewage; development of forests, wildlife areas, parks, and recreational facilities if feasible in connection with beneficial water management; prevention of the loss of topsoil from water erosion; storage of water for augmentation of stream flow; the operation, maintenance, and improvement of water-based recreational purposes; or comparable purposes.

In calendar year 1999, 46 counties contained at least one conservancy district. The statewide total levy for all districts was approximately \$8 million with an average net tax rate of about \$0.68 per \$100 of assessed valuation. About 60 conservancy districts exist statewide.

**State Agencies Affected:** State Board of Tax Commissioners.

**Local Agencies Affected:** Conservancy Districts and County Auditors.

**Information Sources:** Melissa Henson, Director, Budget Division, Tax Commissioners Board (317) 232-3785.