

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6050

BILL NUMBER: HB 1519

NOTE PREPARED: Mar 25, 2003

BILL AMENDED: Mar 24, 2003

SUBJECT: Wagering Tax Revenue Sharing Limitations.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR: Sen. Skillman

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) The bill eliminates use restrictions on the revenue sharing part of Wagering Taxes distributed to local governments. The bill corrects a reference to the County Auditor. It also provides a formula for revenue sharing for Marion County.(The introduced version of this bill was prepared by the County Government Study Commission.)

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Use Restrictions:* The bill eliminates current law provisions that restrict the activities and projects on which local units can spend the revenue sharing money from the Riverboat Wagering Tax. This provision does not affect the revenues that local units will receive under revenue sharing.

Under the bill, revenue sharing money could be used: (1) to reduce the property tax levy of the city, town, or county for a particular year; (2) for deposit in a special fund or allocation fund to provide funding for additional property tax replacement credits in TIFs or for debt repayment; (3) to fund sewer and water projects, including storm water management projects; (4) for police and fire pensions without limiting the percentage of such money that can be used for this purpose; or (5) to carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. The bill stipulates that expenditures under (5) above do not reduce the property tax levy of the city, town, or county for a particular

year or reduce the maximum levy of the city, town, or county. In addition, a non-code section of the bill stipulates that revenue sharing money received by a local unit before, on, or after the effective date of the bill may be used after the effective date for any of the above-described purposes.

Background: Current law requires \$33 M from the Riverboat Wagering Tax to be earmarked each fiscal year for the local revenue sharing program. This \$33 M annual total must be distributed on a per capita basis to counties not containing riverboat casinos. The total amount distributed to a county is then distributed to cities and towns in that county on a per capita basis. The remainder (based on population outside the cities and towns in the county) is distributed to the county. Under current law, the revenue sharing money received by local units is restricted to the following uses: (1) to reduce the property tax levy of the city, town, or county for a particular year; (2) for deposit in a special fund or allocation fund to provide funding for additional property tax replacement credits in TIFs; (3) to fund sewer and water projects, including storm water management projects; and (4) for police and fire pensions (up to an amount equal to 20% of the total revenue sharing money received by the local unit).

Explanation of Local Revenues: (Revised) *Revenue Sharing to Indianapolis and Marion County:* The bill would reduce the revenue sharing distribution to the City of Indianapolis by approximately \$2.47 M annually, and would increase the distribution to Marion County by this amount. Under the current distribution formula for the local revenue sharing program, Marion County does not receive a distribution, as there is no population residing in Marion County outside a city or town. The annual revenue sharing distribution (based on Census 2000) to Indianapolis is expected to total about \$4.94 M annually. The bill would distribute half of this amount to Marion County.

State Agencies Affected:

Local Agencies Affected: Indianapolis, Marion County, counties without riverboat casinos, and cities and towns located in those counties.

Information Sources:

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