

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

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6952

BILL NUMBER: HB 1287

NOTE PREPARED: Dec 21, 2004

BILL AMENDED:

SUBJECT: Industrial Rail Service Fund.

FIRST AUTHOR: Rep. Saunders

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill increases the amount of Sales and Use Taxes deposited in the Industrial Rail Service Fund and reduces the amount deposited in the state General Fund by a corresponding amount.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: This bill will *increase* the amount of Sales and Use Taxes deposited in the Industrial Rail Service Fund by about \$1.67 M in FY 2006 and \$1.76 M in FY 2007. This bill also will *reduce* the amount of Sales and Use Taxes deposited in the General Fund by about \$1.67 M in FY 2006 and \$1.76 M in FY 2007.

According to the *December 14, 2004, State Revenue Forecast*, the state is expected to receive the following Sales Tax revenue.

	FY 2006	FY 2007
State Sales Tax Revenue	\$5,229.4 M	\$5,483.7 M

Current Distribution: Sales and Use Tax revenue is currently deposited in the Property Tax Replacement Fund (50%), the state General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%).

Distribution as Amended by this Bill: Sales and Use Tax revenue would be deposited in the: Property Tax Replacement Fund (50%), the state General Fund (49.160%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.065%).

The Industrial Rail Service Fund is used for the following:

- (1) Provide loans to railroads that will be used to purchase or rehabilitate real or personal property that will be used by the railroad in providing railroad transportation services.
- (2) Pay operating expenses of the Indiana Department of Transportation, subject to appropriation by the General Assembly.
- (3) Provide \$50,000 annually to the Indiana Department of Transportation for rail planning activities. Money distributed under this subdivision does not revert back to the state General Fund at the end of a state fiscal year.
- (4) Provide money for the High Speed Rail Development Fund under IC 8-23-25.
- (5) Provide grants to a railroad owned or operated by a port authority established under IC 8-10-5.
- (6) Make grants to a Class II or a Class III railroad for the rehabilitation of railroad infrastructure or railroad construction.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Transportation, as the administrator and a beneficiary of the Industrial Rail Service Fund.

Local Agencies Affected:

Information Sources: *December 14, 2004, State Revenue Forecast.*

Fiscal Analyst: Adam Brown, 317-232-9854.