

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6991**

**BILL NUMBER:** HB 1557

**NOTE PREPARED:** Jan 9, 2005

**BILL AMENDED:**

**SUBJECT:** Vanderburgh County Innkeeper's Tax.

**FIRST AUTHOR:** Rep. Becker

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

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

**IMPACT:** Local

**Summary of Legislation:** The bill extends the distribution of a portion of the Vanderburgh County innkeeper's tax to the convention center operating fund until 2011. The bill provides that the amount of Innkeeper's Tax revenue deposited in the Tourism Capital Improvement Fund increases to the amount generated by a 3.5% innkeeper's tax rate in 2011 (rather than in 2006).

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary:* The bill would allow a five-year extension for Innkeeper's Tax revenue to be placed into the County Convention Center Operating Fund (Convention Fund). Under current law, Innkeeper's Tax revenue would cease to be placed in the Convention Fund on January 1, 2006. The bill would allow the revenue to continue be deposited at a 2% rate or roughly 1/3rd of total revenue collections into the Convention Fund.

Additionally, the County Tourism Capital Improvement Fund (Improvement Fund) would allow a five-year extension for Innkeeper's Tax to be placed into the Improvement Fund at a 1.5% rate or 25% of total revenue collections. Under current law, the Improvement Fund rate will increase to 3.5% after December 31, 2005.

*Background:* In FY 2004, Vanderburgh County Innkeeper's Tax revenue was \$2.03 M. The following chart

exhibits the rate, percent share of revenue, and amount of revenue per fund under current law.

<b>Fund</b>	<b>CY 2005 Rate</b>	<b>CY 2005 Revenue % Share</b>	<b>Current Share of Revenue</b>
Convention and Visitor Promotion Fund	2.50%	41.7%	\$0.84 M
Tourism Capital Improvement Fund	1.50%	25%	\$0.51 M
Convention Center Operating Fund	2%	33.3%	\$0.68 M
<b>TOTAL</b>	<b>6%</b>	<b>100%</b>	<b>\$2.03 M</b>

\*Totals may not sum due to rounding.

**Explanation of Local Revenues:** The bill does not increase the Innkeeper's Tax, therefore the proposal would be revenue neutral.

**State Agencies Affected:**

**Local Agencies Affected:** Vanderburgh County.

**Information Sources:** Vanderburgh County Treasurer.

**Fiscal Analyst:** Chris Baker, 317-232-9851.