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FISCAL IMPACT STATEMENT

LS 7561

BILL NUMBER: HB 1619

NOTE PREPARED: Jan 26, 2005

BILL AMENDED:

SUBJECT: Tax refund offset for unpaid textbook rental fees.

FIRST AUTHOR: Rep. Bischoff

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill provides that the Department of Education may claim a set off of an individual's income tax refund for unpaid textbook rental fees.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The bill would require the Department of State Revenue (DOR) to calculate and provide set-offs to local school corporations for reimbursement of unpaid textbook fees by a taxpayer from the taxpayer's individual income tax refund. Under current law, the DOR may charge up to 15% of the set off payment to calculate and provide the set offs to a claimant agency. It is likely, that the DOR would be able to meet the requirements of this provision within existing resources.

Under the bill, the DOR would be required to annually provide the Department of Education (DOE) with a list of all school corporations that obtain set offs from tax refunds that are payable in the calendar year. The expenditure required to provide a copy of the list to the DOE should be minimal.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under the bill, local school corporations would have recourse to collect unpaid textbook rental fees, via the renter's individual income tax return. The impact to school revenues would depend on the amount of unpaid rental fees and the number of taxpayers who had tax refunds which could be

used to offset the unpaid fees.

Statewide textbook rentals totaled \$58.5 M in FY 2004. The amount of unpaid rental fees is unknown.

State Agencies Affected: Department of State Revenue; Department of Education.

Local Agencies Affected: School corporations.

Information Sources: DOE SAS AND ORACLE DATABASES.

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