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FISCAL IMPACT STATEMENT

LS 6805

BILL NUMBER: SB 435

NOTE PREPARED: Jan 8, 2007

BILL AMENDED:

SUBJECT: Public Safety Communications Systems Districts.

FIRST AUTHOR: Sen. Wyss

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a county to adopt an ordinance creating a public safety communications systems and computer facilities district. (Current law provides for districts in only Marion County and Elkhart County.)

Effective Date: July 1, 2007.

Explanation of State Expenditures: The state would pay PTRC and the Homestead Credit on any levy that was raised to fund the public safety communications district. Based on the 2007 statewide assessed value (AV), the maximum impact on PTRC would be an estimated \$25.6 M, if all counties (excluding Marion and Elkhart) imposed a 5% property tax to fund the districts, which would raise about \$142 M statewide. The maximum state Homestead Credit would equal \$9.5M. The maximum total state expense would equal \$35M.

However, the counties that will impose a \$0.05 is unknown. It is likely that not all will impose a \$0.05 rate. Based on the populations of Marion and Elkhart Counties compared to the state (16.8%), and the total expenditures for these two counties' current systems (\$1.6 M + \$2.75 M), the total expenditures for the rest of the state might be on the order of \$21.5 M. Assuming a statewide levy of \$21.5 M, PTRC would equal \$3.8 M, and Homestead credits would equal \$1.4 M, with a total state impact of \$5.2 M.

Background: The state currently pays PTRC in the amount of 60% of school general fund levies attributable to all property and 20% of the portion of all operating levies (including the remaining 40% of the school GF levy) that are attributable to real property and non-business personal property. Homestead Credits are paid by the state in the amount of 20% of the net property tax due for qualifying funds on owner-occupied residences.

PTRC and Homestead Credits are paid from the Property Tax Replacement Fund.

Explanation of State Revenues:

Explanation of Local Expenditures: The county fiscal body may adopt an ordinance establishing a public safety communications district and impose, for property taxes first due and payable during each year after the adoption of an ordinance, an ad valorem property tax levy on property within the district. It is anticipated that these administrative functions will be paid for by existing resources.

Explanation of Local Revenues: The bill allows all counties to impose a property tax rate that may not exceed \$0.05 on each \$100 of AV to generate revenue for the district. Excluding Marion and Elkhart Counties, total statewide AV for 2006 equaled about \$284 B. Applying a maximum rate of \$0.05 per \$100 of AV would generate an estimated \$142 M for public safety communications districts. Based on the populations of Marion and Elkhart Counties compared to the state, and the total expenditures for these two counties' current systems, the total expenditures for the rest of the state might be on the order of \$21.5 M. Some of the levy would be eligible for the county homestead credit. Additional information on the local homestead will be provided when it becomes available.

Background: Marion and Elkhart Counties currently fund public safety communications districts. In 2005, Marion County received \$2.75 M in County Option Income Tax to fund the system. Elkhart County raised about \$1.6 M in property taxes to fund the system.

State Agencies Affected: Property Tax Replacement Fund.

Local Agencies Affected: Counties.

Information Sources: Nancy Adams, Accounting Specialist, Elkhart County Auditor's Office; LOGODABA.

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