

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

**LS 6879**

**BILL NUMBER:** HB 1432

**NOTE PREPARED:** Feb 5, 2009

**BILL AMENDED:** Feb 5, 2009

**SUBJECT:** County auditor income tax distributions to units.

**FIRST AUTHOR:** Rep. Dembowski

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

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

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill requires the county auditor to distribute local income tax revenue to other taxing units not later than ten working days after the county treasurer receives the distribution from the state.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) Under current law, distributions of the County Adjusted Gross Income Tax (CAGIT) and the County Economic Development Income tax (CEDIT) are made by the State to counties in two equal installments on May 1<sup>st</sup> and November 1<sup>st</sup> each year. County Option Income Tax (COIT) distributions are made to counties in 12 installments, on the first day of each month.

This bill would require the county auditor to distribute the income tax revenue to the taxing units in the county within 10 working days of receipt by the county treasurer. Some counties may already make distributions within this time frame and some may not. If any payments from counties to taxing units are sped up under the bill, then county investment earnings might be reduced and the taxing units could earn more interest or save the cost of borrowing for cash flow.

In 2009 certified distributions for CAGIT are \$441.8 M, COIT distributions are \$599.4 M, and CEDIT distributions are \$280.5 M.

**State Agencies Affected:**

**Local Agencies Affected:** County auditors; Local civil taxing units and school corporations.

**Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.