

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6292

BILL NUMBER: SB 53

NOTE PREPARED: Nov 23, 2010

BILL AMENDED:

SUBJECT: County Employment Opportunity Fee.

FIRST AUTHOR: Sen. Buck

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill authorizes a county council to impose a county employment opportunity fee upon nonresident individuals who work in the county. It provides that the fee may not exceed 0.25% of the individual's adjusted gross income derived from the covered individual's principal place of business or employment. It provides that the fee revenue must be used for economic development purposes. It permits the fee revenue to be pledged to repay bonds or lease rentals. It permits the county employment opportunity fee to be captured or used for various economic development programs. It also permits the state to intercept the fees for noncompliance with certain data requirements.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR will incur additional expenses to revise tax forms, instructions, and computer programs to implement collection of the county employment opportunity fee. The DOR's current level of resources should be sufficient to implement these requirements.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *County Employment Opportunity Fee:* The bill permits a county to impose the employment opportunity fee beginning October 1, 2011. The fee applies to individuals who are not residents of a county imposing the fee, but whose principal place of business or employment is located in that county. The maximum rate at which the fee may be imposed is 0.25%.

The employment opportunity fee is effective from October 1st to September 30th. To impose, increase or decrease, or rescind the fee effective October 1st, a county council must adopt an ordinance to do so between March 31st and August 1st of the same year. The fee remains in effect until rescinded by the county council.

The bill provides that revenue from the employment opportunity fee be used for economic development projects including: (1) the construction or acquisition of capital projects; (2) the retirement of bonds issued for a capital project; (3) the payment of lease rentals; or (4) operating expenses of a governmental entity that plans or implements economic development.

The table below provides estimates for each county of the potential annual yield from a 0.25% employment opportunity fee. These estimates are based on taxable income reported on individual income tax returns for tax year 2008 (the most recent year available), with projections based on county-level real wage and salary growth forecasts. The potential revenue that could be generated by the fee may vary above or below these estimates depending on changes over time in employment and commuting patterns in individual counties.

County	County Employment Opportunity Fee		County	County Employment Opportunity Fee
Adams	\$183,000		Lawrence	\$187,000
Allen	1,942,000		Madison	647,000
Bartholomew	898,000		Marion	21,734,000
Benton	57,000		Marshall	284,000
Blackford	73,000		Martin	437,000
Boone	454,000		Miami	158,000
Brown	50,000		Monroe	979,000
Carroll	81,000		Montgomery	257,000
Cass	197,000		Morgan	291,000
Clark	860,000		Newton	68,000
Clay	103,000		Noble	329,000
Clinton	194,000		Ohio	65,000
Crawford	30,000		Orange	113,000
Daviess	123,000		Owen	94,000
Dearborn	207,000		Parke	59,000
Decatur	299,000		Perry	80,000
DeKalb	450,000		Pike	108,000
Delaware	641,000		Porter	1,171,000
Dubois	504,000		Posey	232,000
Elkhart	1,732,000		Pulaski	83,000
Fayette	116,000		Putnam	205,000
Floyd	698,000		Randolph	84,000
Fountain	89,000		Ripley	331,000
Franklin	94,000		Rush	108,000
Fulton	101,000		St. Joseph	1,288,000
Gibson	582,000		Scott	108,000
Grant	410,000		Shelby	338,000
Greene	125,000		Spencer	138,000
Hamilton	2,842,000		Starke	67,000
Hancock	527,000		Steuben	136,000
Harrison	170,000		Sullivan	92,000
Hendricks	1,178,000		Switzerland	37,000
Henry	186,000		Tippecanoe	1,253,000
Howard	962,000		Tipton	124,000
Huntington	204,000		Union	28,000
Jackson	316,000		Vanderburgh	2,517,000
Jasper	214,000		Vermillion	163,000
Jay	95,000		Vigo	916,000
Jefferson	215,000		Wabash	156,000
Jennings	118,000		Warren	39,000
Johnson	864,000		Warrick	300,000
Knox	221,000		Washington	56,000
Kosciusko	593,000		Wayne	271,000
LaGrange	228,000		Wells	201,000
Lake	3,690,000		White	160,000
LaPorte	589,000		Whitley	253,000

State Agencies Affected: DOR; State Budget Agency.

Local Agencies Affected: Counties.

Information Sources: OFMA Income Tax database, 2008; Global Insight, June 2010 County Wage/Salary Disbursement forecast (for Indiana counties).

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