

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6491

BILL NUMBER: HB 1039

NOTE PREPARED: Dec 13, 2021

BILL AMENDED:

SUBJECT: Heritage Commerce District.

FIRST AUTHOR: Rep. Heine

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill establishes the Indiana Heritage Commerce District Program. It permits a municipality with a population of not more than 25,000 and that has been designated as an Indiana Main Street Program area for not less than two years to establish a Heritage Commerce District. It also establishes the Heritage Commerce District Fund.

The bill provides that the Office of Community and Rural Affairs (OCRA) may make grants not exceeding \$500,000 to qualified districts. The bill also provides that grant applicants must provide local matching funds. It specifies sources from which a grant applicant may solicit and accept local matching funds for purposes of a grant.

The bill makes an appropriation.

Effective Date: July 1, 2022.

Explanation of State Expenditures: *Heritage Commerce District Program and Fund:* This bill establishes the Heritage Commerce District Program and the Heritage Commerce District Fund. The bill annually appropriates \$10 M from the General Fund to the nonreverting Heritage Commerce District Fund beginning in FY 2023. The fund may also consist of: gifts, donations, and bequests; local matching funds; federal grants; and grants from private entities. OCRA may award grants to qualified districts for certain projects. A qualified district is required to apply to OCRA and provide local matching funds equal to 100% of the grant received. A grant provided by OCRA to a qualified district may not exceed \$500,000.

The expenditure increase would depend upon the number of grantees and amount of grants awarded.

Office of Community and Rural Affairs (OCRA): The bill's requirements to administer the Heritage Commerce District Program and Heritage Commerce District Fund would be a workload increase for OCRA. The expense of administering the fund would be paid from money in the fund.

Explanation of State Revenues:

Explanation of Local Expenditures: A qualifying municipality must dedicate matching funds equal to 100% of the grant received. Qualified sources of local matching funds include: foundations, other nonprofit entities, individuals, or for-profit entities; redevelopment commissions; and urban enterprise associations. This bill may not increase total local expenditures, but there could be a shift in expenditures from other projects.

Explanation of Local Revenues: Revenues to qualifying municipalities from the Heritage Commerce District Fund will depend upon the number of qualified applicants and the amount of dedicated local matching funds.

State Agencies Affected: Office of Community and Rural Affairs.

Local Agencies Affected: Municipalities.

Information Sources:

Fiscal Analyst: Seth Payton, 317-233-3546.