

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

200 W. Washington St., Suite 301
Indianapolis, IN 46204
(317) 233-0696
iga.in.gov

FISCAL IMPACT STATEMENT

LS 6193

BILL NUMBER: SB 33

NOTE PREPARED: Feb 22, 2024

BILL AMENDED: Feb 22, 2024

SUBJECT: Distributions of Public Safety Income Tax Revenue.

FIRST AUTHOR: Sen. Niemeyer

FIRST SPONSOR: Rep. Slager

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Public Safety LIT* - This bill provides that a township fire department, volunteer fire department, fire protection territory, or fire protection district may apply to the county adopting body for a distribution of local income tax revenue that is allocated to public safety purposes. It requires the county adopting body to review certain submitted applications at a public hearing. The bill resets certain provisions enacted in the 2023 session in HEA 1454 regarding distribution of tax revenue allocated to public safety to township fire departments, volunteer fire departments, fire protection territories, or fire protection districts.

Judicial System LIT - This bill defines "courtroom costs". It provides that a county fiscal body may adopt an ordinance to impose a tax rate for: (1) in the case of a tax rate adopted before January 1, 2024, county staff expenses of the state judicial system in the county; or (2) in the case of a tax rate adopted after December 31, 2023, courtroom costs of the state judicial system in the county. It provides that the revenue shall be used by the county: (1) in the case of the tax rate adopted before January 1, 2024, only for paying for county staff expenses of the state judicial system in the county; and (2) in the case of a tax rate adopted after December 31, 2023, only for paying the courtroom costs of the state judicial system in the county. The bill also provides that the local income tax revenue spent by each county may not comprise more than 50% of the county's total operational staffing expenses related to the courtroom costs of the state judicial system in any given year.

Effective Date: Upon passage; July 1, 2024.

Explanation of State Expenditures: *Department of Local Government Finance (DLGF)*: The administrative workload for the DLGF may increase as a result of computing and reporting the additional public safety

revenue allocations of local income tax revenue, should a qualified township, fire protection district, or fire protection territory unit submit an application to its applicable county adopting body for an allocation of this revenue. It is assumed that the DLGF will be able to make these calculations using existing resources and not require additional appropriations to implement this bill's provisions.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Public Safety LIT*: The bill allows a township fire department, volunteer fire department, fire protection district, and fire protection territory unit that provides fire protection or emergency medical services within a county and that imposed a property tax levy for these services in the most recent calendar year to apply to the county adopting body to receive an allocation of public safety local income tax revenue. The application must be received before July 1, and the county adopting body must review the unit's application at a public hearing and may adopt a resolution approving the unit's request. This bill's provision may result in an increase in the administrative workload of the county adopting bodies to the extent these units will file an application to receive an allocation of the public safety local income tax revenue, and the adopting body would need to have a public hearing where the application is reviewed and may be presented by the units. The bill gives the county adopting body the discretion to review multiple applications at one public hearing.

Judicial System LIT: This bill defines "courtroom costs" for those counties that choose to adopt a LIT rate on January 1, 2024, or after, to help fund their judicial system. SEA 417-2023 authorized county fiscal bodies to impose a LIT rate for funding county staff expenses of the judicial system. The revenue budgeted and spent by the county from the judicial system LIT may not comprise more than 50% of the county's total budgeted operational staffing expenses for the judicial system in any given year. For counties that adopt this rate on January 1, 2024, or after, this bill revises the allowable expenses for which the judicial system LIT may be spent to be limited to courtroom costs, which include staffing costs only for the court reporter, court bailiff, or court administrator. The revenue budgeted and spent by the county from the judicial system LIT may not comprise more than 50% of the county's total operational staffing expenses related to the courtroom costs of the state judicial system in any given year. [For CY 2024, only Floyd County has adopted a judicial system LIT rate. The county has a certified rate of 0.040% and a certified distribution of approximately \$1.2 M for CY 2024. Additionally, the county will be allowed to use the revenue generated from this LIT rate to fund costs as referenced in SEA 417-2023.]

Explanation of Local Revenues: (Revised) *Public Safety LIT*: Local units currently receiving a distribution of LIT revenue allocated to public safety may have their distribution reduced depending on whether a county adopting body decides to approve a resolution allocating a portion of the revenue to qualifying township fire departments, fire protection territories, or fire protection districts. This could result in LIT revenue shifts among the eligible civil units within a county since this particular allocation - if approved - would be distributed to the applicable units before the remainder of the public safety LIT. The actual revenue shifts will depend on actions by the county adopting body, including the amount of public safety local income tax revenue they choose to allocate and the number of the number of qualifying units that apply for a distribution.

(Revised) *Additional Information* - Currently, when a county allocates a portion of their local income tax expenditure rate to public safety, the associated revenue is distributed between the county and the cities and towns within the county that provide at least one public safety service. Other civil taxing units that operate a fire department, volunteer fire department, or an EMS provider may request a portion of the certified distribution associated with the public safety rate, but the distribution is not required. [A qualifying township operates or contracts with a fire department, volunteer fire department, or an EMS provider.]

Based on CY 2024 certified distributions as of November 29, 2023, 76 counties dedicate a portion of their expenditure rate revenue to public safety. The total CY 2024 certified distribution of public safety revenue is \$577.3 M. Approximately \$67.2 M is dedicated to fund a public safety answering point.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County units and other eligible taxing units in counties that allocate a portion of their expenditure rate to public safety; counties that allocate a portion of their expenditure rate to judicial system expenses.

Information Sources: State Budget Agency, CY 2024 Local Income Tax Certified Distributions; LSA Property Tax Database.

Fiscal Analyst: James Johnson, 317-232-9869.