

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6921

BILL NUMBER: SB 279

NOTE PREPARED: Dec 29, 2020

BILL AMENDED:

SUBJECT: Distribution of Revenue for Public Safety Purposes.

FIRST AUTHOR: Sen. Niemeyer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that, subject to the approval of a county adopting body, a fire protection district or a qualified fire protection territory may apply for distributions of tax revenue. The bill provides that a township that provides fire protection or emergency medical services (other than a township in Marion County) may apply to a county adopting body for a distribution of tax revenue for public safety purposes. The bill requires the adopting body to conduct a public hearing to review and approve the application. It specifies the method for determining the amount of the distribution to the qualified township.

Effective Date: Upon passage.

Explanation of State Expenditures: *Department of Local Government Finance (DLGF):* The DLGF will incur additional expenses to compute and report the additional revenue allocations of local income tax revenue. The DLGF's current level of resources should be sufficient to provide this information.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill allows a qualifying fire protection territory to apply to their county's adopting body to receive a distribution of public safety revenue. The distribution is not required, and the impact will depend on local decisions.

The bill allows a qualified township to apply to the county adopting body to receive an allocation of public safety revenue. The application must be received before July 1, and the county adopting body must hold a public hearing to review a qualifying township's application. The county adopting body must approve the application before September 1.

Explanation of Local Revenues: County units (other than Marion County) currently receiving a distribution of local income tax revenue allocated to public safety may have their distribution reduced depending on whether a qualifying township applies for a distribution of public safety revenue. Counties that adopted a public safety local income tax before July 1, 2021, may allocate part of the certified distribution and are not required to use the allocation formula in the bill. The impact on local revenues is indeterminable. The actual revenue shifts will depend on number of qualifying townships that apply for a distribution and whether the county adopting body approves the distribution.

Counties that adopt a public safety local income tax after June 30, 2021, must allocate a portion of the certified distribution of public safety revenue to the qualified townships using the allocation method specified in the bill. This would result in revenue shifts among the eligible civil units within a county. The impact on local revenues is indeterminable. It will depend on number of qualifying townships and the public safety local income tax rates adopted by these counties.

Cities and towns that receive a distribution of public safety revenue are not impacted by the bill. The bill also excludes Marion County.

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. This bill potentially changes the distribution of the public safety revenue within all counties except Marion County. It makes the distribution of public safety revenue mandatory to qualifying townships if the adopting body imposes a public safety rate after June 30, 2021. [A qualifying township operates or contracts with a fire department, volunteer fire department, or an EMS provider.]

Effective January 1, 2021, 71 counties will dedicate a portion of their expenditure rate revenue to public safety. The total CY 2021 certified distribution of public safety revenue is \$418.2 M. Approximately \$40.1 M is dedicated to fund a public safety answering point.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County units and townships in counties that allocate a portion of their expenditure rate to public safety.

Information Sources: State Budget Agency, CY 2021 Local Income Tax Certified Distributions; LSA Property Tax Database.

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