

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

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FISCAL IMPACT STATEMENT

LS 6806

BILL NUMBER: HB 1413

NOTE PREPARED: Dec 29, 2023

BILL AMENDED:

SUBJECT: State and Local Policies on Homelessness.

FIRST AUTHOR: Rep. Davis

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill cancels the FY 2024 appropriation of \$1M in the 2023 budget bill for the state's Housing First Program and reallocates that appropriation to the Indiana Housing and Community Development Authority (IHCDA) as follows:

- (1) Provides that state funds for homelessness must be used for: (A) parking areas; (B) camping facilities; individual shelters; and (D) congregate shelters; and specifies conditions and requirements applicable to those facilities.
- (2) Provides that state funds otherwise used for permanent housing must be used to assist individuals with substance use, mental health treatment, and other services, including short term housing.

The bill provides that the IHCDA must award certain funds as performance payments for political subdivisions or nonprofit organizations that reduce the number of individuals with days unhoused, days in jail or prison, or days hospitalized.

Civil Liability: The bill specifies that a person who owns or operates a private camping facility funded under the bill's provisions is immune from civil liability. It also prohibits an individual from camping, sleeping, or using for long term shelter land owned by the state or a political subdivision, unless the land has been authorized for that use under the provisions added by the bill or another law.

Criminal Penalty: This bill provides (if certain elements are met) that a person who knowingly or intentionally uses land owned by the state or a political subdivision for unauthorized camping, sleeping, or for long term shelter commits a Class C misdemeanor. It establishes an affirmative defense to such a prosecution and prohibits a political subdivision from adopting or enforcing any policy that prohibits or

discourages the enforcement of any order or ordinance prohibiting public camping, sleeping, or other obstruction of a sidewalk.

Attorney General: The bill also authorizes the Attorney General to bring a civil action to enjoin a political subdivision that adopts or enforces such a policy.

The bill makes conforming changes and makes an appropriation.

Effective Date: July 1, 2024.

Explanation of State Expenditures: *Indiana Community Development Authority (IHCDA):* This bill cancels the \$1 M appropriation to the IHCDA in FY 2025 for the Indiana Housing First Program and instead reallocates the \$1 M to the IHCDA for programs designed to assist individuals with substance use, mental health treatment, and other services, including short term housing. The bill may result in an increase in the administrative workload for the IHCDA to administer the various programs outlined above, assuming that it also intends to keep administering the Indiana Housing First Program. The IHCDA would likely need to secure funding from another source (e.g., grant funding) should it decide to keep administering the Indiana Housing First Program. Otherwise, the staffing and resources that the IHCDA currently uses to oversee the Indiana Housing First Program could be reallocated to administer the programs outlined above.

Office of the Attorney General (AG): The bill could potentially increase the workload of the AG to represent the state in civil litigation against a political subdivision for adopting or enforcing a policy against the bill. Depending on the number of civil actions filed against a political subdivision, costs may increase to provide adequate staffing and resources. If the political subdivision prevails and an injunctive relief is granted by the court, the state may incur court costs and fees.

Additional Information: Currently, the IHCDA oversees the Indiana Housing First Program, which provides rental assistance and supportive services to individuals and families with a serious and persistent mental illness, a chronic chemical addiction, or a serious and persistent mental illness with a co-occurring chronic chemical addiction who are also facing a housing crisis or exiting a residential treatment program. As part of the state's biennium budget enacted in 2023, \$1 M was appropriated annually to this program for both FY 2024 and FY 2025. This bill's provisions do not eliminate the Indiana Housing First Program itself but rather, eliminate the state's appropriation for the program and appropriates those dollars for the purposes noted above.

Explanation of State Revenues: If the AG files a civil action against a political subdivision and prevails, the AG may recover reasonable expenses, including court costs, reasonable attorney's fees, investigative costs, witness fees, and deposition costs.

Criminal Fee Revenue: If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class C misdemeanor is \$500. Criminal fines are deposited in the Common School Fund. The total fee revenue per case would range between \$113 and \$135. The amount of court fees deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Civil Fee Revenue: If additional civil actions cases occur and court fees are collected, revenue to the state General Fund will increase. The total revenue per case would range between \$100 and \$122. The amount

deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

Explanation of Local Expenditures: *Civil Actions:* If civil actions are filed against a political subdivision, local expenditures may increase to pay for the cost of litigation and court fees. The specific impact would depend on local action.

Criminal Penalty: The bill provides that a person who knowingly or intentionally uses land owned by the state or a political subdivision for unauthorized camping, sleeping, or for long-term shelter commits a Class C misdemeanor. It also establishes a defense against prosecution to the extent there are no services or shelters available within a certain amount of miles unspecified by the bill. It is unknown how many additional convictions might occur as a result of the bill's provisions.

A Class C misdemeanor is punishable by up to 60 days in jail. The average cost per day to incarcerate a prisoner is approximately \$64.53 based on the per diem payments reported by U.S. Marshals to house federal prisoners in 11 county jails across Indiana during CY 2021.

Explanation of Local Revenues: *Grants:* This bill's provisions could provide grants to political subdivisions to provide certain programs and services to address homelessness. The funds received by a qualifying political subdivision will depend the allocation determined by the IHCDA and the effectiveness of the program.

Criminal Fee Revenue: If additional court actions occur and a guilty verdict is entered, more revenue will be collected by certain local units. If the case is filed in a court of record, the county general fund will receive \$47.40 and qualifying municipalities will receive a share of \$3.60. If the case is filed in a municipal court, the county receives \$30, and the municipality will receive \$46. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Civil Fee Revenue: If additional civil actions occur, revenue will be collected by certain local units. If the case is filed in a court of record, the county will receive \$32 and qualifying municipalities will receive a share of \$3. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in civil, probate, and small claims cases.](#)

State Agencies Affected: Indiana Housing and Community Development Authority; Office of the Attorney General.

Local Agencies Affected: Trial courts, city and town courts; Local units.

Information Sources: Indiana Supreme Court, Indiana Trial Court Fee Manual.

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