

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## SENATE ENROLLED ACT No. 67

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AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 6-3.6-9-1, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) A trust account within the state general fund shall be established for each county that imposes a tax. Any revenue derived from the imposition of the tax by a county shall be deposited in that county's trust account in the state general fund. **The county's trust account shall be maintained by the budget agency for each county without consideration for the county's allocation of tax revenue among the purposes authorized by this article.**

(b) Any income earned on money held in a trust account under subsection (a) becomes a part of that trust account.

(c) Any revenue remaining in a trust account established under subsection (a) at the end of a fiscal year does not revert to the state general fund.

SECTION 2. IC 6-3.6-9-15, AS ADDED BY P.L.243-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 15. (a) If the budget agency determines that the balance in a county trust account exceeds ~~five~~ **fifteen** percent (~~50%~~) **(15%)** of the certified distributions to be made to the county in the ~~ensuing~~ **determination** year, the budget agency shall make a supplemental distribution to the county from the county's ~~special~~ **trust** account. **The budget agency shall use the trust account balance as of December 31 of the year that precedes the determination year by two (2) years (referred to as the "trust account balance year"**



**in this section).**

(b) A supplemental distribution described in subsection (a) must be:

(1) made in January of the ensuing calendar year at the same time as the determinations are provided to the county auditor under subsection (d)(2); and

(2) allocated in the same manner as certified distributions for deposit in a civil unit's rainy day fund established under IC 36-1-8-5.1. However, the part of a supplemental distribution that is attributable to an additional rate authorized under this article:

(A) shall be used for the purpose specified in the statute authorizing the additional rate; and

(B) is not required to be deposited in the unit's rainy day fund: **for the purposes described in this article.**

(c) The amount of the a supplemental distribution described in subsection (a) is equal to the amount by which:

(1) the balance in the county trust account; **minus**

(2) **the amount of any supplemental or special distribution that has not yet been accounted for in the last known balance of the county's trust account;**

exceeds  ~~fifty fifteen~~ percent (~~50%~~) (**15%**) of the certified distributions to be made to the county in the  ~~ensuing~~ **determination** year.

(d) **For a county that qualifies for a supplemental distribution under this section in a year, the following apply:**

(1) **Before May 2, the budget agency shall provide the amount of the supplemental distribution for the county to the department of local government finance and to the county auditor.**

(2) **The department of local government finance shall determine for the county and each taxing unit within the county:**

(A) **the amount and allocation of the supplemental distribution attributable to the taxes that were imposed as of December 31 of the trust account balance year, including any specific distributions for that year; and**

(B) **the amount of the allocation for each of the purposes set forth in this article, using the allocation percentages in effect in the trust account balance year.**

**The department of local government finance shall provide these determinations to the county auditor before May 16 of the determination year.**

(3) **Before June 1, the county auditor shall distribute to each taxing unit the amount of the supplemental distribution that is allocated to the taxing unit under subdivision (2).**

**For determinations before 2019, the tax rates in effect under and**



the allocation methods specified in the former income tax laws shall be used for the determinations under subdivision (2).

(e) For any part of a supplemental distribution attributable to property tax credits under a former income tax or IC 6-3.6-5, the adopting body for the county may allocate the supplemental distribution to property tax credits for not more than the three (3) years after the year the supplemental distribution is received.

~~(e)~~ (f) Any income earned on money held in a trust account established for a county under this chapter shall be deposited in that trust account.

~~(d)~~ A determination under this section must be made before November 2.

SECTION 3. IC 6-3.6-9-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(b) This section refers to a county's trust account maintained under the former local income tax laws set forth in IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7.

(c) Before May 1, 2016, the budget agency shall make a one (1) time special distribution to each county having a positive balance in the county's trust account as of December 31, 2014.

(d) The amount of the special distribution from a county's trust account is one hundred percent (100%) of the balance in the county's trust account as of December 31, 2014, as determined by the budget agency.

(e) Before May 1, 2016, the budget agency and department of local government shall do the following:

(1) For any county having a positive balance in the county's trust account as of December 31, 2014, determine the amount of the trust account balance as of December 31, 2014 (referred to as the county's trust balance amount).

(2) Determine each taxing unit's share of the county's trust balance amount (referred to as the taxing unit's allocation amount), using the following allocation method for each former tax:

(A) For county adjusted gross income taxes (IC 6-3.5-1.1) as follows:

(i) First, the taxing units that would have received property tax replacement credits shall be allocated that part of the county's allocation amount that would have been considered property tax replacements under IC 6-3.5-1.1.

(ii) The remaining amount of the county's allocation amount shall be allocated in the same manner as



certified shares under IC 6-3.5-1.1.

(B) For county option income taxes (IC 6-3.5-6), the county's allocation amount shall be allocated in the same manner as certified shares under IC 6-3.5-6.

(C) For county economic development income taxes, the county's allocation amount shall be allocated in the same manner as a certified distribution under IC 6-3.5-7-12(b) or IC 6-3.5-7-12(c), whichever applies.

(f) Before May 1, 2016, the budget agency and the department of local government finance shall jointly determine and provide to the county auditor the following:

(1) The county's trust balance amount.

(2) Each taxing unit's allocation amount.

(g) Before June 1, 2016, the county auditor shall distribute to each taxing unit an amount equal to the taxing unit's allocation amount.

(h) Money distributed to a county, city, or town may be expended only upon an appropriation by the county's, city's, or town's fiscal body as follows:

(1) At least seventy-five percent (75%) of the special distribution must be:

(A) used exclusively by the county, city, or town for:

(i) engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of both local and arterial road and street systems;

(ii) the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects;

(iii) any local costs required to undertake a recreational or reservoir road project under IC 8-23-5;

(iv) the purchase, rental, or repair of highway equipment;

(v) providing a match for a grant from the local road and bridge matching grant fund under IC 8-23-30; or

(vi) capital projects for aviation related property or facilities, including capital projects of a board of aviation commissioners established under IC 8-22-2 or an airport authority established under IC 8-22-3-1; or

(B) deposited in the county's, city's, or town's rainy day fund established under IC 36-1-8-5.1. The money deposited in a rainy day fund under this clause may not be appropriated from the rainy day fund or transferred to another fund under IC 36-1-8-5.1(g), unless the money will be used exclusively for purposes set forth in clause (A).

(2) The remaining part of the special distribution may be used



**by the county, city, or town for any of the purposes of the county, city, or town.**

**The amount received by a taxing unit that is not a county, city, or town shall be deposited in the taxing unit's rainy day fund established under IC 36-1-8-5.1.**

**SECTION 4. An emergency is declared for this act.**



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President of the Senate

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President Pro Tempore

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Speaker of the House of Representatives

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Governor of the State of Indiana

Date: \_\_\_\_\_ Time: \_\_\_\_\_

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