

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1001(ss) be amended to read as follows:

- 1 Replace the effective date in SECTION 94 with "[EFFECTIVE
- 2 JANUARY 1, 2004]".
- 3 Replace the effective dates in SECTIONS 100 through 102 with
- 4 "[EFFECTIVE MARCH 1, 2003]".
- 5 Replace the effective date in SECTION 103 with "[EFFECTIVE
- 6 JANUARY 1, 2004]".
- 7 Replace the effective date in SECTION 110 with "[EFFECTIVE
- 8 JANUARY 1, 2004]".
- 9 Replace the effective date in SECTION 111 with "[EFFECTIVE
- 10 JULY 1, 2003]".
- 11 Replace the effective dates in SECTIONS 112 through 115 with
- 12 "[EFFECTIVE JANUARY 1, 2004]".
- 13 Replace the effective date in SECTION 116 with "[EFFECTIVE
- 14 JANUARY 1, 2004]".
- 15 Replace the effective date in SECTION 120 with "[EFFECTIVE
- 16 JANUARY 1, 2004]".
- 17 Replace the effective date in SECTION 150 with "[EFFECTIVE
- 18 JANUARY 1, 2003]".
- 19 Replace the effective date in SECTION 163 with "[EFFECTIVE
- 20 JANUARY 1, 2004]".
- 21 Replace the effective dates in SECTIONS 171 through 174 with
- 22 "[EFFECTIVE JANUARY 1, 2004]".

- 1 Replace the effective dates in SECTIONS 206 through 208 with
2 "[EFFECTIVE JANUARY 1, 2004]".
- 3 Replace the effective date in SECTION 240 with "[EFFECTIVE
4 JANUARY 1, 2004]".
- 5 Replace the effective dates in SECTIONS 344 through 352 with
6 "[EFFECTIVE JANUARY 1, 2004]".
- 7 Replace the effective date in SECTION 401 with "[EFFECTIVE
8 JANUARY 1, 2002 (RETROACTIVE)]".
- 9 Page 4, delete lines 30 through 42, begin a new paragraph and
10 insert:
- 11 "SECTION 4. IC 4-10-13-3 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. The Indiana
13 department of state revenue is hereby authorized and directed to
14 prepare and publish each year the following report, which shall contain
15 the following data and information:
- 16 (1) A recital of the number of taxpayers, the amount of gross
17 collections, the amount of net collections, the amount of refunds,
18 the amount of collection allowances, the amount of administrative
19 costs, and the amount of delinquencies by type of tax collected by
20 the department.
- 21 (2) Relative to the gross income tax, a recital of the number of
22 taxpayers, the total amount of gross income tax collected, the total
23 amount of exemptions allowed and the total amount of nontaxable
24 income. It shall also include a recital of the number of taxpayers
25 and the total amount of gross income tax received from farmers,
26 manufacturing interests, wholesalers, retailers, transportation and
27 communication interest, public utilities, financial and insurance
28 interests, real estate interests, personal service businesses, and
29 salaries and wages received from every other source to the extent
30 such information is available from gross income tax returns.
- 31 (3) A breakdown of gross income tax collections received from
32 corporate taxpayers, from unincorporated businesses, from
33 income taxed at the rate of ~~three eighths~~ **three-tenths** of one per
34 cent (~~3/8%~~); and **(0.3%)** one and ~~one-half two-tenths~~ per cent (~~1
35 +2%~~); **(1.2%)**, and **one and six-tenths percent (1.6%)**, and
36 from types of businesses as described in subsection (2). ~~of this~~
37 ~~section.~~
- 38 Page 5, delete lines 1 through 12.
- 39 Page 5, line 34, delete "2003," and insert "**2004**,".
- 40 Page 6, delete line 5.
- 41 Page 6, line 6, delete "(B)" and insert "(A)".
- 42 Page 6, line 8, delete "(C)" and insert "(B)".
- 43 Page 6, line 10, delete "(D)" and insert "(C)".
- 44 Page 6, line 12, delete "(E)" and insert "(D)".
- 45 Page 6, line 14, delete "(F) eliminating" and insert "(E) **increasing**".
- 46 Page 6, line 15, delete "other than" and insert "**that are**".

- 1 Page 6, line 16, delete "(G)" and insert "(F)".
- 2 Page 6, line 18, delete "(H)" and insert "(G)".
- 3 Page 6, line 19, delete "(I)" and insert "(H)".
- 4 Page 6, line 20, delete "(J)" and insert "(I)".
- 5 Page 6, line 21, delete "(K)" and insert "(J)".
- 6 Page 6, line 23, delete "(L)" and insert "(K)".
- 7 Page 9, between lines 35 and 36, begin a new paragraph and insert:
- 8 "SECTION 7. IC 4-12-1-15.1 IS ADDED TO THE INDIANA
- 9 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 10 [EFFECTIVE JULY 1, 2002]: **Sec. 15.1. (a) This section applies to**
- 11 **employees working for a state agency if the state agency is funded**
- 12 **from the state general fund, dedicated funds, dedicated accounts,**
- 13 **or federal funds.**
- 14 **(b) This section does not apply to a person for whom a salary is**
- 15 **specifically set by state statute.**
- 16 **(c) As used in this section, "state agency" includes:**
- 17 **(1) each office, officer, board, commission, department,**
- 18 **division, bureau, committee, fund, agency, authority, council,**
- 19 **or other instrumentality of the state; and**
- 20 **(2) each hospital, penal institution, and other institutional**
- 21 **enterprise of the state.**
- 22 **However, the term does not include the judicial department of the**
- 23 **state, the legislative department of the state, a political subdivision**
- 24 **(as defined in IC 36-1-2-13), or a state educational institution (as**
- 25 **defined in IC 20-12-0.5-1).**
- 26 **(d) The state employee pay raise account is established within**
- 27 **the state general fund to receive money from adjusted gross income**
- 28 **tax on lottery ticket winnings to supplement money otherwise**
- 29 **appropriated to pay salary increases for employees of state**
- 30 **agencies .**
- 31 **(e) The account is to be administered by the budget agency.**
- 32 **(f) The treasurer of state shall invest the money in the account**
- 33 **not currently needed to meet the obligations of the account in the**
- 34 **same manner as other public money may be invested. Interest that**
- 35 **accrues from these investments shall be deposited in the account.**
- 36 **(g) Money in the account at the end of a state fiscal year does**
- 37 **not revert to the state general fund.**
- 38 **(h) Money in the account is annually appropriated to the budget**
- 39 **agency to provide for pay increases for employees of state agencies.**
- 40 **(i) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law**
- 41 **or rule, the appropriation under subsection (h) is automatically**
- 42 **allotted in amounts sufficient to provide pay increases, as enacted**
- 43 **by statute, for all employees of state agencies.**
- 44 **(j) Notwithstanding IC 4-9.1-1-7, IC 4-12-1-12, or any other law,**
- 45 **the funds appropriated in subsection (f) may not be transferred to**
- 46 **any other fund, account, or program and may only be used for pay**
- 47 **increases of employees working for state agencies."**

1 Page 13, delete lines 14 through 32.

2 Page 16, between lines 19 and 20, begin a new paragraph and insert:

3 "SECTION 14. IC 4-30-18-2 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. **Except as provided**
5 **in IC 6-3-2-14**, state and local taxes, regardless of their type, may not
6 be imposed upon any prize paid or payable under this article or upon
7 the sale of any lottery ticket under this article."

8 Page 31, delete lines 3 through 41, begin a new paragraph and
9 insert:

10 "(d) **This subsection applies to tax revenues received from a**
11 **racetrack located in a county having a population of more than one**
12 **hundred thirty thousand (130,000) but less than one hundred**
13 **forty-five thousand (145,000). The amount of tax revenues to be**
14 **distributed under subsection (c)(1)(A) is determined under STEP**
15 **FIVE of the following formula:**

16 **STEP ONE: Determine the total amount of tax revenue**
17 **remitted by the permit holder in the preceding month.**

18 **STEP TWO: Determine the amount of tax revenue remitted**
19 **by the permit holder in the preceding month attributable to**
20 **adjusted gross receipts received from the racetrack.**

21 **STEP THREE: Determine the ratio of the STEP TWO**
22 **amount to the STEP ONE amount.**

23 **STEP FOUR: Multiply the STEP ONE amount by thirty**
24 **percent (30%).**

25 **STEP FIVE: Multiply the STEP FOUR result by the ratio**
26 **determined under STEP THREE.**

27 (e) **This subsection applies to tax revenues received from a**
28 **racetrack located in a county having a population of more than**
29 **forty-three thousand (43,000) but less than forty-five thousand**
30 **(45,000). The amount of tax revenues to be distributed under**
31 **subsection (c)(1)(B) is determined under STEP FIVE of the**
32 **following formula:**

33 **STEP ONE: Determine the total amount of tax revenue**
34 **remitted by the permit holder in the preceding month.**

35 **STEP TWO: Determine the amount of tax revenue remitted**
36 **by the permit holder in the preceding month attributable to**
37 **adjusted gross receipts received from the racetrack.**

38 **STEP THREE: Determine the ratio of the STEP TWO**
39 **amount to the STEP ONE amount.**

40 **STEP FOUR: Multiply the STEP ONE amount by thirty**
41 **percent (30%).**

42 **STEP FIVE: Multiply the STEP FOUR result by the ratio**
43 **determined under STEP THREE.**

44 (f) **This subsection applies to tax revenues received from both**
45 **satellite facilities located in a county containing a consolidated city.**
46 **The amount of the tax revenues distributed under subsection**
47 **(c)(1)(C) is determined under STEP SIX of the following formula:".**

- 1 Page 41, delete lines 32 through 36.
 2 Page 61, line 19, delete "(e)." and insert "(f)."
 3 Page 69, line 36, delete "IC 4-33-12 and".
 4 Page 74, delete lines 36 through 42, begin a new paragraph and
 5 insert:
 6 "SECTION 95. IC 6-1.1-3-22 IS ADDED TO THE INDIANA
 7 CODE AS A NEW SECTION TO READ AS FOLLOWS
 8 [EFFECTIVE JANUARY 1, 2003]: **Sec. 22. (a) Except to the extent**
 9 **that it conflicts with subsection (b) or another statute, 50 IAC 4.2**
 10 **(as in effect January 1, 2001) is incorporated by reference into this**
 11 **section.**
 12 **(b) The following are not incorporated by reference under**
 13 **subsection (a):**
 14 **(1) 50 IAC 4.2-4-9.**
 15 **(2) 50 IAC 5.1-6-9.**
 16 **(3) Any other provision of 50 IAC 4.2 or 50 IAC 5.1 to the**
 17 **extent that the provision applies the thirty percent (30%) of**
 18 **adjusted cost limitation contained in 50 IAC 4.2-4-9 or 50**
 19 **IAC 5.1-6-9.**
 20 **(c) Tangible personal property within the scope of 50 IAC 4.2**
 21 **(as in effect January 1, 2001) shall be assessed on the assessment**
 22 **dates in calendar years 2003 and thereafter in conformity with the**
 23 **provisions incorporated by reference into this section.**
 24 **(d) The publisher of the Indiana Administrative Code may**
 25 **continue to publish 50 IAC 4.2 (as in effect January 1, 2001) in the**
 26 **Indiana Administrative Code.**
 27 **(e) 50 IAC 4.3 and any other rule to the extent that it conflicts**
 28 **with this section is void.**
 29 **(f) A reference in 50 IAC 4.2 to a governmental entity that has**
 30 **been terminated or a statute that has been repealed or amended**
 31 **shall be treated as a reference to its successor.**
 32 SECTION 96. IC 6-1.1-4-4, AS AMENDED BY P.L.90-2002,
 33 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2002]: Sec. 4. (a) A general reassessment, involving a
 35 physical inspection of all real property in Indiana, shall begin July 1,
 36 2000. and each fourth year thereafter. **The general reassessment**
 37 **scheduled to begin July 1, 2000, shall be completed on or before**
 38 **March 1, 2003, and shall be the basis for taxes first due and**
 39 **payable beginning in the following year. The general reassessment**
 40 **does not apply to the March 1, 2002, assessment date. A general**
 41 **reassessment, involving a physical inspection of all real property**
 42 **in Indiana, shall begin July 1, 2005, and each fourth year**
 43 **thereafter. Each reassessment beginning after June 30, 2005, shall**
 44 **be completed on or before March 1, of the immediately following**
 45 **~~even-numbered~~ odd-numbered year, and shall be the basis for taxes**
 46 **payable in the year following the year in which the general assessment**
 47 **is to be completed.**

1 (b) In order to ensure that assessing officials and members of each
 2 county property tax assessment board of appeals are prepared for a
 3 general reassessment of real property, the department of local
 4 government finance shall give adequate advance notice of the general
 5 reassessment to the county and township taxing officials of each
 6 county.

7 SECTION 97. IC 6-1.1-4-4.5, AS ADDED BY P.L.198-2001,
 8 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 9 JANUARY 1, 2003]: Sec. 4.5. (a) The department of local government
 10 finance shall adopt rules establishing a system for annually adjusting
 11 the assessed value of real property to account for changes in value in
 12 those years since a general reassessment of property last took effect.

13 (b) The system must be applied to adjust assessed values beginning
 14 with the ~~2006~~ **2007** assessment date and each year thereafter that is not
 15 a year in which a reassessment becomes effective.

16 (c) The system must have the following characteristics:

17 (1) Promote uniform and equal assessment of real property within
 18 and across classifications.

19 (2) Apply all objectively verifiable factors used in mass valuation
 20 techniques that are reasonably expected to affect the value of real
 21 property in Indiana.

22 (3) Prescribe as many adjustment percentages and whatever
 23 categories of percentages the department of local government
 24 finance finds necessary to achieve objectively verifiable updated
 25 just valuations of real property. An adjustment percentage for a
 26 particular classification may be positive or negative.

27 (4) Prescribe procedures, including computer software programs,
 28 that permit the application of the adjustment percentages in an
 29 efficient manner by assessing officials."

30 Delete page 75.

31 Page 76, delete lines 1 through 22.

32 Page 76, line 36, strike "2002," and insert "**2003**,".

33 Page 77, line 7, strike "2002," and insert "**2003**,".

34 Page 79, line 9, strike "2002," and insert "**2003**,".

35 Page 80, line 21, strike "2002," and insert "**2003**,".

36 Page 85, delete lines 14 through 42, begin a new paragraph and
 37 insert:

38 "SECTION 99. IC 6-1.1-8-44 IS ADDED TO THE INDIANA
 39 CODE AS A NEW SECTION TO READ AS FOLLOWS
 40 [EFFECTIVE JANUARY 1, 2003]: **Sec. 44. (a) Except to the extent**
 41 **that it conflicts with subsection (b) or another statute, 50 IAC 5.1**
 42 **(as in effect January 1, 2001) is incorporated by reference into this**
 43 **section.**

44 (b) The following are not incorporated by reference under
 45 subsection (a):

46 (1) **50 IAC 4.2-4-9.**

- 1 **(2) 50 IAC 5.1-6-9.**
 2 **(3) Any other provision of 50 IAC 4.2 or 50 IAC 5.1 to the**
 3 **extent that the provision applies the thirty percent (30%) of**
 4 **adjusted cost limitation contained in 50 IAC 4.2-4-9 or 50**
 5 **IAC 5.1-6-9.**

6 **(c) Tangible personal property within the scope of 50 IAC 5.1**
 7 **(as in effect January 1, 2001) shall be assessed on the assessment**
 8 **dates in calendar years 2003 and thereafter in conformity with the**
 9 **provisions incorporated by reference into this section.**

10 **(d) The publisher of the Indiana Administrative Code may**
 11 **continue to publish 50 IAC 5.1 (as in effect January 1, 2001) in the**
 12 **Indiana Administrative Code.**

13 **(e) 50 IAC 5.2 and any other rule to the extent that it conflicts**
 14 **with this section is void.**

15 **(f) A reference in 50 IAC 5.1 to a governmental entity that has**
 16 **been terminated or a statute that has been repealed or amended**
 17 **shall be treated as a reference to its successor."**

18 Page 86, delete lines 1 through 3.

19 Page 86, line 32, delete "2002." and insert "**2003.**".

20 Page 87, delete lines 20 through 21.

21 Page 87, line 41, delete "five (5) years." and insert "**four (4) years.**".

22 Page 88, delete lines 7 through 11, begin a new line block indented
 23 and insert:

"YEAR OF ASSESSMENT	PERCENTAGE
2003	25%
2004	50%
2005	75%
2006	100%".

29 Page 90, delete lines 10 through 42.

30 Delete pages 91 through 95.

31 Page 96, delete lines 1 through 23.

32 Page 96, delete lines 41 through 42.

33 Delete pages 97 through 100.

34 Page 101, delete lines 1 through 21.

35 Page 101, delete lines 32 through 42, begin a new paragraph and
 36 insert:

37 **"(b) The amount of the credit to which the individual is entitled**
 38 **equals the product of:**

39 **(1) the percentage prescribed in subsection (d); multiplied by**

40 **(2) the amount of the individual's property tax liability, as that**
 41 **term is defined in IC 6-1.1-21-5, which is:**

42 **(A) attributable during the particular calendar year to the**
 43 **part of the assessed value of the homestead during the**
 44 **particular calendar year; that does not exceed one million**
 45 **dollars (\$1,000,000); and**

46 **(B) determined after the application of the property tax**

replacement credit under IC 6-1.1-21.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against:

(1) the assessed value of the individual's homestead before those deductions are applied against any other property; **and**

(2) **the part of the assessed value of the homestead that exceeds one million dollars (\$1,000,000).**".

Page 102, delete lines 1 through 17, begin a new paragraph and insert:

"(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2003	10%
2004 and thereafter	4% 30% ".

Page 103, line 12, delete "2002," and insert "**2003**,".

Page 103, line 29, delete "17%" and insert "**30%**".

Page 107, delete lines 13 through 18, begin a new line block indented and insert:

"(1) Forty percent (40%) of the total levy imposed by each school corporation in a county for its transportation fund for a stated assessment year.

(2) Thirty-two percent (32%) of the total levy imposed by each school corporation in a county for its general fund for a stated assessment year."

Page 108, delete lines 7 through 12, begin a new line block indented and insert:

"(1) Forty percent (40%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its transportation fund for a stated assessment year.

(2) Thirty-two percent (32%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year."

Page 108, delete lines 33 through 42, begin a new paragraph and insert:

"SECTION 113. IC 6-1.1-21-3, AS AMENDED BY P.L.90-2002, SECTION 200, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) ~~On or before March 1 of each year, the department of local government finance shall certify to the department on a form approved by the state board of accounts, an estimate of the total county tax levy collectible in that calendar year~~

1 for each county in the state. The estimate shall be based on the tax
 2 collections for the preceding calendar year; adjusted as necessary to
 3 reflect the total county tax levy (as defined in section 2(g) of this
 4 chapter) from the budgets; tax levies; and rates as finally determined
 5 and acted upon by the department of local government finance. The
 6 department, with the assistance of the auditor of state **and the**
 7 **department of local government finance**, shall determine on the basis
 8 of the report an amount equal to ~~twenty percent (20%)~~ of the **total**
 9 **county tax levy; eligible property tax replacement amount**, which is
 10 the estimated property tax replacement.

11 (b) ~~In the same report containing the estimate of a county's total~~
 12 ~~county tax levy;~~ The department of local government finance shall also
 13 certify the amount of homestead credits provided under IC 6-1.1-20.9
 14 which are allowed by the county for the particular calendar year."

15 Page 109, delete lines 1 through 9.

16 Page 114, between lines 17 and 18, begin a new paragraph and
 17 insert:

18 "SECTION 117. IC 6-1.1-21.2 IS ADDED TO THE INDIANA
 19 CODE AS A NEW CHAPTER TO READ AS FOLLOWS
 20 [EFFECTIVE JULY 1, 2002]:

21 **Chapter 21.2. Tax Increment Replacement**

22 **Sec. 1. This chapter applies to an allocation area in which:**

23 (1) the holders of obligations received a pledge before January
 24 1, 2003, of tax increment revenues to pay any part of the
 25 obligations due after December 31, 2004; and

26 (2) a change in:

27 (A) the determination of the assessed value of tangible
 28 personal property resulting from a change in the rules
 29 governing the assessment of tangible personal property in
 30 effect on January 1, 2002 (50 IAC 5.1; 50 IAC 4.2); or

31 (B) a law enacted in the 2002 regular or special session of
 32 the general assembly;

33 causes the governing body to be unable to pay the obligations
 34 described in subdivision (1).

35 **Sec. 2. For purposes of this section, "additional credit" means:**

36 (1) for allocation areas created under IC 6-1.1-39, the
 37 additional credit described in IC 6-1.1-39-6(a);

38 (2) for allocation areas created under IC 8-22-3.5, the
 39 additional credit described in IC 8-22-3.5-10(a);

40 (3) for allocation areas created under IC 36-7-14, the
 41 additional credit described in IC 36-7-14-39.5(c);

42 (4) for allocation areas created under IC 36-7-14.5, the
 43 additional credit described in IC 36-7-14.5-12.5(d)(5);

44 (5) for allocation areas created under IC 36-7-15.1:

45 (A) the additional credit described in IC 36-7-15.1-26.5(e);

46 or

47 (B) the credit described in IC 36-7-15.1-35(d); or

1 **(6) for allocation areas created under IC 36-7-30, the**
 2 **additional credit described in IC 36-7-30-25(b)(2)(E).**

3 **Sec. 3. As used in this chapter, "allocation area" refers to an**
 4 **area that is established under the authority of any of the following**
 5 **statutes and in which tax increment revenues are collected:**

- 6 **(1) IC 6-1.1-39.**
 7 **(2) IC 8-22-3.5.**
 8 **(3) IC 36-7-14.**
 9 **(4) IC 36-7-14.5.**
 10 **(5) IC 36-7-15.1.**
 11 **(6) IC 36-7-30.**

12 **Sec. 4. As used in this chapter, "base assessed value" means the**
 13 **base assessed value as the term is defined in:**

- 14 **(1) IC 6-1.1-39-5(h);**
 15 **(2) IC 8-22-3.5-9(a);**
 16 **(3) IC 36-7-14-39(a);**
 17 **(4) IC 36-7-14-39.3(c);**
 18 **(5) IC 36-7-15.1-26(a);**
 19 **(6) IC 36-7-15.1-26.2(c);**
 20 **(7) IC 36-7-15.1-35(a);**
 21 **(8) IC 36-7-15.1-53;**
 22 **(9) IC 36-7-15.1-55(c);**
 23 **(10) IC 36-7-30-25(a)(2); or**
 24 **(11) IC 36-7-30-26(c).**

25 **Sec. 5. As used in this chapter, "department" refers to the**
 26 **department of local government finance.**

27 **Sec. 6. As used in this chapter, "governing body" means the**
 28 **following:**

- 29 **(1) For an allocation area created under IC 6-1.1-39, the fiscal**
 30 **body of the county (as defined in IC 36-1-2-6).**
 31 **(2) For an allocation area created under IC 8-22-3.5, the**
 32 **commission (as defined in IC 8-22-3.5-2).**
 33 **(3) For an allocation area created under IC 36-7-14, the**
 34 **redevelopment commission of the unit.**
 35 **(4) For an allocation area created under IC 36-7-14.5, the**
 36 **authority created by the unit.**
 37 **(5) For an allocation area created under IC 36-7-15.1, the**
 38 **metropolitan development commission of the consolidated**
 39 **city.**
 40 **(6) For an allocation area created under IC 36-7-30, the**
 41 **military base reuse authority.**

42 **Sec. 7. As used in this chapter, "obligation" means an obligation**
 43 **to pay:**

- 44 **(1) the principal and interest on loans or bonds;**
 45 **(2) lease rentals on leases; or**
 46 **(3) any other contractual obligation;**
 47 **payable from tax increment revenues. The term includes a**

1 guarantee of payment from tax increment revenues if other
2 revenues are insufficient to make a payment.

3 **Sec. 8. As used in this chapter, "property taxes" means:**

4 **(1) property taxes, as defined in:**

5 **(A) IC 6-1.1-39-5(g);**

6 **(B) IC 36-7-14-39(a);**

7 **(C) IC 36-7-14-39.3(c);**

8 **(D) IC 36-7-15.1-26(a);**

9 **(E) IC 36-7-15.1-26.2(c);**

10 **(F) IC 36-7-15.1-53(a);**

11 **(G) IC 36-7-15.1-55(c);**

12 **(H) IC 36-7-30-25(a)(3); or**

13 **(I) IC 36-7-30-26(c); or**

14 **(2) for allocation areas created under IC 8-22-3.5, the taxes**
15 **assessed on taxable tangible property in the allocation area.**

16 **Sec. 9. (a) The governing body may impose a special tax in a**
17 **year to pay amounts due on obligations of the governing body in**
18 **the immediately succeeding year. The governing body may levy the**
19 **special tax on all property in the taxing district or taxing districts**
20 **in which the allocation area is located. The special tax shall be**
21 **certified before September 2 of each year to the fiscal officer of the**
22 **taxing unit that designated the allocation area. The special tax shall**
23 **be estimated and entered upon the tax duplicates by the county**
24 **auditor and shall be collected and enforced by the county treasurer**
25 **in the same manner as state and county taxes are estimated,**
26 **entered, collected, and enforced.**

27 **(b) As the special tax is collected by the county treasurer, it shall**
28 **be transferred to the governing body that imposed the special tax**
29 **and shall be accumulated and kept in the special fund for the**
30 **allocation area and applied only for the purposes of this chapter.**

31 **(c) The governing body shall determine the special tax levy for**
32 **a year in the amount of the lesser of:**

33 **(1) the total payments due on the obligations of the governing**
34 **body in the year minus the amounts the governing body**
35 **estimates will be legally available to the governing body in the**
36 **year to make the payments; and**

37 **(2) except as provided in subsection (d), the amount that will**
38 **result from the imposition of a rate for the special tax levy**
39 **that the county auditor estimates will cause the total tax rate**
40 **in the taxing district in which the allocation area is located to**
41 **be one hundred ten percent (110%) of the rate that would**
42 **apply if the rate for the special tax levy were not imposed for**
43 **the year.**

44 **(d) If the allocation area is located in more than one (1) taxing**
45 **district, the special tax levy amount determined under subsection**
46 **(c)(2) shall be based on the taxing district that will, without**
47 **consideration of the rate for the special tax levy, have the highest**

1 tax rate in the year in which the special tax levy is payable.

2 (e) In estimating the amount legally available under subsection
3 (c)(1), the governing body shall not consider the remedies referred
4 to in section 10(b)(5) of this chapter.

5 Sec. 10. (a) Before October 2 in a year, a governing body that
6 has:

7 (1) imposed a special tax levy under section 9 of this chapter
8 payable in the immediately succeeding year to raise revenue
9 to pay amounts due on obligations of the governing body in
10 the immediately succeeding year; and

11 (2) investigated its ability to employ all remedies available
12 under the agreements establishing obligations of the
13 governing body to provide sufficient funds to pay amounts
14 due on the obligations in the immediately succeeding year,
15 including guarantees by a unit to apply revenues received
16 under IC 6-3.5 or other sources toward the payment of the
17 obligations;

18 may appeal to the department for emergency relief under this
19 chapter to provide sufficient additional funds to pay amounts due
20 on the obligations in the immediately succeeding year.

21 (b) In the petition under this section, the governing body must
22 state sufficient facts to demonstrate the following:

23 (1) The petitioner is a governing body.

24 (2) The petitioner established an allocation area before
25 January 1, 2002.

26 (3) The holders of obligations payable from tax increment
27 revenues from the allocation area received a pledge before
28 January 1, 2003, of tax increment revenues to pay any part of
29 the obligations due after December 31, 2002.

30 (4) A change in the determination of the assessed value of
31 tangible personal property resulting from a change in the
32 rules governing the assessment of tangible personal property
33 in effect on January 1, 2001 (50 IAC 5.1; 50 IAC 4.2) causes
34 the governing body to be unable to pay amounts due on the
35 obligations of the governing body in the immediately
36 succeeding year.

37 (5) The governing body has investigated its ability to employ
38 all remedies available under the agreements establishing the
39 obligations of the governing body to provide sufficient funds
40 to pay amounts due on the obligations in the immediately
41 succeeding year, including guarantees by a unit to apply
42 revenues received under IC 6-3.5 or other sources toward the
43 payment of the obligations.

44 (6) The governing body has investigated the availability of all
45 funds legally available to the governing body for the payment
46 of amounts due on the obligations of the governing body in the
47 immediately succeeding year, including funds derived from

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the denial of all or a part of an additional credit to taxpayers in the allocation area.

(7) The governing body has reasonably determined that refinancing one (1) or more of the obligations of the governing body is not an economically feasible means of providing sufficient funds to pay amounts due on the obligations in the immediately succeeding year.

(8) The governing body has made reasonable efforts to limit its use of the special fund for the allocation area to appropriations for payments of amounts due on obligations of the governing body.

(9) The balance in the special fund for the allocation area in the immediately succeeding year will be insufficient to pay amounts due on the obligations of the governing body in that year.

(10) A property taxpayer located in any part in the allocation area was not the original purchaser and does not own any of the obligations of the governing body or rights to payment of any of the obligations.

(11) The governing body is unable to provide sufficient funds to pay amounts due on the obligations of the governing body in the immediately succeeding year.

(12) A copy of the petition has been served on the executive of each taxing unit in which any part of the allocation area is located.

(13) The governing body at the time of issuance of the obligations:

(A) reasonably estimated that the revenue legally available to pay the obligations would be adequate to pay the obligations over the term of the obligations; and

(B) pledged as additional security for the payment of the obligations a reasonable amount of coverage of revenue legally available in excess of the amount necessary to pay the obligations.

(14) The number of subsequent years the governing body estimates it will appeal under this section.

Sec. 11. The department shall conduct a hearing on the petition in the county where the allocation area is located. At the hearing, the petitioner and any other person may submit any information relevant to the determination of the issues raised in the petition.

Sec. 12. (a) If, after the hearing and upon consideration of all of the factors referred to in section 10(b) of this chapter, the department determines that the requirements of this chapter have been met, the department may order any of the emergency relief described in section 13 of this chapter for a period not to exceed the immediately succeeding five (5) years. An award of relief shall not preclude a governing body from petitioning the department for

1 **additional relief under this chapter after the expiration of the**
 2 **initial period for which relief was granted.**

3 **(b) A recipient of relief under this chapter shall provide**
 4 **certification to the department on an annual basis that certifies the**
 5 **continued existence of each of the factors listed in section 10(b) of**
 6 **this chapter.**

7 **(c) The amount of emergency relief ordered under this section**
 8 **may not exceed:**

9 **(1) the amount the governing body is obligated to pay on**
 10 **obligations during the years for which relief is requested;**
 11 **minus**

12 **(2) the sum of:**

13 **(A) the amount, if any, of the special tax levy under section**
 14 **9 of this chapter payable in the years for which relief is**
 15 **requested; and**

16 **(B) the amount of the remedies available to the governing**
 17 **body under the agreements establishing obligations of the**
 18 **governing body.**

19 **Sec. 13. The department may adjust the base assessed value in**
 20 **the allocation area."**

21 Page 118, delete lines 31 through 42.

22 Delete pages 119 through 121.

23 Page 122, delete lines 1 through 30.

24 Page 123, delete lines 11 through 42, begin a new paragraph and
 25 insert:

26 "SECTION 124. IC 6-2.1-2-3 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. (a) The receipt
 28 of gross income from transactions described in section 4 of this chapter
 29 is subject to a tax rate of three-tenths of one percent (0.3%).

30 (b) The receipt of gross income from transactions described in
 31 section 5 of this chapter is subject to a tax rate of one and two-tenths
 32 percent (1.2%).

33 **(c) The receipt of gross income from a transaction described in**
 34 **section 4.5 of this chapter is subject to a tax rate of one and**
 35 **six-tenths percent (1.6%).**

36 SECTION 125. IC 6-2.1-2-4.5 IS ADDED TO THE INDIANA
 37 CODE AS A NEW SECTION TO READ AS FOLLOWS
 38 [EFFECTIVE JANUARY 1, 2003]: **Sec. 4.5. The receipt of gross**
 39 **income, of any character, of a public utility is subject to the rate of**
 40 **taxation prescribed in section 3(c) of this chapter.**

41 SECTION 126. IC 6-2.1-2-5 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 5. The receipt of
 43 gross income from the following is subject to the rate of taxation
 44 prescribed in section 3(b) of this chapter:

45 **(1) producing, transmitting, furnishing, wholesaling, or retailing**
 46 **electrical energy;**

47 **(2) producing, transporting, furnishing, wholesaling, or retailing**

- 1 artificial gas, natural gas, or a mixture of natural and artificial gas;
- 2 (3) operating a steam or electric railway, streetcar line, motor
- 3 vehicle, steam or motorboat, or any other vehicle for the
- 4 transportation of freight, express, or passengers for hire;
- 5 (4) operating a pipeline for the transportation of any commodity
- 6 for hire;
- 7 (5) operating a telephone or telegraph line;
- 8 (6) operating a water or sewerage system;
- 9 (7) operating any other utility which is not described in this
- 10 section;
- 11 (8) (1) activities described in IC 6-2.1-1-3, IC 6-2.1-1-4,
- 12 IC 6-2.1-1-4.5, IC 6-2.1-1-5, IC 6-2.1-1-6, IC 6-2.1-1-7,
- 13 IC 6-2.1-1-8, or IC 6-2.1-1-9 that are taxable on a gross earnings
- 14 basis; and
- 15 (9) (2) any activity which is not described in section 4 or 4.5 of
- 16 this chapter, including the provision of services of any character,
- 17 sales of real estate, rentals (except rentals described in section
- 18 4(6) of this chapter), the performance of contracts, and the
- 19 investment of capital.

20 SECTION 127. IC 6-2.1-2-12 IS ADDED TO THE INDIANA
 21 CODE AS A NEW SECTION TO READ AS FOLLOWS
 22 [EFFECTIVE JANUARY 1, 2003]: **Sec. 12. (a) This section applies**
 23 **only to a public utility.**

24 **(b) Every trust, partnership, limited liability company, limited**
 25 **liability partnership, Sub S corporation or other entity exempt**
 26 **from federal income taxation under Section 1361 of the Internal**
 27 **Revenue Code is liable for the tax imposed under section 3 of this**
 28 **chapter. No gross income tax liability is imposed under this article**
 29 **on a partner's, member's, beneficiary's, or shareholder's**
 30 **distributive share of the entity's gross income.**

31 **(c) The following do not apply to a public utility:**

- 32 **(1) IC 6-2.1-3-24.**
- 33 **(2) IC 6-2.1-3-24.5.**
- 34 **(3) IC 6-2.1-3-25.**
- 35 **(4) IC 6-2.1-3-26."**

- 36 Delete pages 124 through 132.
- 37 Page 133, delete lines 1 through 37.
- 38 Page 134, delete lines 25 through 42.
- 39 Delete pages 135 through 140.
- 40 Page 141 delete lines 1 through 37.
- 41 Page 145, delete lines 11 through 38.
- 42 Page 150, line 8, after "livestock" insert ",".
- 43 Page 161, delete lines 24 through 30, begin a new paragraph and
- 44 insert:

45 **"(b) Prize money that is received from a winning lottery ticket**
 46 **purchased under IC 4-30 is not exempt from the adjusted gross**

1 **income tax imposed by this article if the total value of the prize is**
 2 **equal to or greater than one thousand two hundred dollars**
 3 **(\$1,200)."**

4 Page 154, line 29, reset in roman "IC 6-2.1-2-4".

5 Page 154, line 29, delete "IC 6-2.5-1-10".

6 Page 160, delete lines 16 through 41.

7 Page 161, between lines 30 and 31, begin a new paragraph and
 8 insert:

9 "SECTION 165. IC 6-3-3-2 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. **(a) This**
 11 **section applies to a taxpayer other than a public utility (as defined**
 12 **in IC 6-2.1-1-9.5).**

13 **(b)** Corporations shall be entitled to a credit, not to exceed the
 14 amount of the tax imposed by IC 6-3-2, against the tax imposed by
 15 IC 6-3-2 for any taxable year in an amount equal to any tax imposed on
 16 gross income by IC 6-2.1-2 for the same taxable year."

17 Page 162, line 32, delete "business".

18 Page 162, line 33, strike "supplemental".

19 Page 162, line 33, strike "tax plus".

20 Page 162, line 42, strike "the sum of".

21 Page 163, line 1, strike "plus".

22 Page 163, line 1, delete "business".

23 Page 163, line 1, strike "supplemental".

24 Page 163, line 1, after "net income" strike "tax".

25 Page 167, between lines 28 and 29, begin a new paragraph and
 26 insert:

27 "SECTION 168. IC 6-3-7-1 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. **(a) This**
 29 **section applies to a taxpayer other than a public utility (as defined**
 30 **in IC 6-2.1-1-9.5).**

31 **(b)** In the event the tax imposed by IC 6-3-1 through IC 6-3-7 is held
 32 inapplicable or invalid with respect to any person, or the shareholders
 33 of any corporation described in IC 6-3-2-2.8(2), or the partners of any
 34 such partnership, then notwithstanding IC 6-2.1-3-23 or IC 6-2.1-3-24
 35 such person or such corporation or such partnership shall be liable for
 36 the tax on gross income as imposed by IC 6-2.1 for the taxable periods
 37 with respect to which the tax imposed by IC 6-3-1 through IC 6-3-7 is
 38 held inapplicable or invalid."

39 Page 167, between lines 39 and 40, begin a new paragraph and
 40 insert:

41 **"(c) Before making the deposits described in subsections (a) and**
 42 **(b), money attributable to adjusted gross income tax raised under**
 43 **IC 6-3-2-14(b) shall be segregated in a state employee pay raise**
 44 **account in the state general fund. The state employee pay raise**
 45 **account is a nonreverting account. Money in the account may be**
 46 **used only to pay the two percent (2%) pay increase for all**

1 employees of state agencies as defined in HEA 1001(ss)-2002,
 2 SECTION 390, and payable in state fiscal years as part of the base
 3 salary of state employees beginning July 1, 2003. The amounts
 4 segregated under this subsection are annually appropriated as they
 5 are deposited and must be automatically allotted for the purposes
 6 of this subsection."

7 Page 170, delete lines 5 through 26.

8 Page 183, delete lines 40 through 42, begin a new paragraph and
 9 insert:

10 **"Sec. 2. As used in this chapter, "business personal property"**
 11 **means manufacturing or agricultural machinery, tools, or**
 12 **equipment that:**

13 (1) was first reported by the taxpayer on a personal property
 14 tax return filed for the assessment date of 2002 or a later
 15 year;

16 (2) was never before used by the taxpayer for any purpose in
 17 Indiana;

18 (3) was acquired in a bona fide, good faith transaction,
 19 negotiated at arm's length, between parties under separate
 20 ownership and control;

21 (4) is acquired for direct use in the direct:

22 (A) production, manufacture, fabrication, assembly,
 23 extraction, mining, processing, refining or finishing of
 24 tangible personal property; or

25 (B) production, extraction, harvesting, or processing of
 26 agricultural goods; and

27 (5) for which depreciation is allowed for federal income tax
 28 purposes, with a useful life of at least three (3) years."

29 Page 184, delete lines 1 through 10.

30 Page 185, delete lines 1 through 10, begin a new line blocked
 31 indented and insert:

32 **"(1) For a taxable year in which the property tax is paid with**
 33 **respect to the first assessment date the property is subject to**
 34 **assessment under IC 6-1.1, the credit is equal to thirty percent**
 35 **(30%) of the net ad valorem property taxes paid on the**
 36 **property in that taxable year.**

37 **(2) For a taxable year in which the property tax is paid with**
 38 **respect to the second assessment date the property is subject**
 39 **to assessment under IC 6-1.1, the credit is equal to twenty**
 40 **percent (20%) of the net ad valorem property taxes paid on**
 41 **the property in that year."**

42 Page 186, line 18, delete "2003;" and insert "2004;"

43 Page 189, delete lines 33 through 42.

44 Page 190, delete lines 1 through 2.

45 Page 204, between lines 7 and 8, begin a new paragraph and insert:

46 "SECTION 217. IC 6-5.5-1-18, AS AMENDED BY P.L.129-2001,
 47 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

1 JANUARY 1, 2002 (RETROACTIVE)]; Sec. 18. (a) "Unitary
 2 business" means business activities or operations that are of mutual
 3 benefit, dependent upon, or contributory to one another, individually
 4 or as a group, in transacting the business of a financial institution. The
 5 term may be applied within a single legal entity or between multiple
 6 entities and without regard to whether each entity is a corporation, a
 7 partnership, a limited liability company, or a trust, provided that each
 8 member is either a holding company, a regulated financial corporation,
 9 a subsidiary of either, a corporation that conducts the business of a
 10 financial institution under IC 6-5.5-1-17(d)(2), or any other entity,
 11 regardless of its form, that conducts activities that would constitute the
 12 business of a financial institution under IC 6-5.5-1-17(d)(2) if the
 13 activities were conducted by a corporation. The term "unitary group"
 14 includes those entities that are engaged in a unitary business transacted
 15 wholly or partially within Indiana, ~~However, the term does not include~~
 16 **including** an entity that does not transact business in Indiana.

17 (b) Unity is presumed whenever there is unity of ownership,
 18 operation, and use evidenced by centralized management or executive
 19 force, centralized purchasing, advertising, accounting, or other
 20 controlled interaction among entities that are members of the unitary
 21 group, as described in subsection (a). However, the absence of these
 22 centralized activities does not necessarily evidence a nonunitary
 23 business.

24 (c) Unity of ownership, when a corporation is involved, does not
 25 exist unless that corporation is a member of a group of two (2) or more
 26 business entities and more than fifty percent (50%) of the voting stock
 27 of each member of the group is directly or indirectly owned by:

- 28 (1) a common owner or common owners, either corporate or
 29 noncorporate; or
 30 (2) one (1) or more of the member corporations of the group."

31 Page 207, delete lines 1 through 9, begin a new paragraph and
 32 insert:

33 "SECTION 218. IC 6-5.5-9-3 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. If the tax
 35 imposed by this article is held inapplicable or invalid with respect to a
 36 taxpayer, then notwithstanding the statute of limitations set forth in
 37 IC 6-8.1-5-2(a), the taxpayer is liable for the taxes imposed by IC 6-2.1
 38 **and IC 6-3 and IC 6-5** for the taxable periods with respect to which the
 39 tax under this article is held inapplicable or invalid. ~~In addition;~~
 40 ~~personal property is exempt from assessment and property taxation~~
 41 ~~under IC 6-1.1 if:"~~.

42 Page 207, delete lines 21 through 22, begin a new line block
 43 indented and insert:

- 44 "(1) the gross income tax imposed by IC 6-2.1; **and**
 45 (2) the income taxes imposed by IC 6-3. ~~and~~".

46 Page 214, line 37, delete "the business supplemental tax".

1 Page 214, line 38, delete "(IC 6-2.2)";
2 Page 217, delete lines 29 through 42, begin a new paragraph and
3 insert:

4 "SECTION 236. IC 8-1-2-42.4 IS ADDED TO THE INDIANA
5 CODE AS A NEW SECTION TO READ AS FOLLOWS
6 [EFFECTIVE JANUARY 1, 2003]: **Sec. 42.4. (a) As used in this
7 section, "public utility" has the meaning set forth in IC 6-2.1-1-9.5.**

8 **(b) As used in this section, "qualified increased tax costs" means
9 the greater of:**

- 10 **(1) the difference between the:**
 - 11 **(A) total taxes due and payable by a public utility under**
 - 12 **IC 6-2.1 for a particular taxable year for providing retail**
 - 13 **public utility service; minus**
 - 14 **(B) total taxes due and payable by a public utility under**
 - 15 **IC 6-2.1 for the taxable year immediately preceding the**
 - 16 **taxable year described in clause (A) for providing retail**
 - 17 **public utility service; or**

- 18 **(2) zero (0).**
- 19 **(c) As used in this section, "retail public utility service" means**
- 20 **public utility service furnished to a customer for ultimate**
- 21 **consumption, but does not include wholesale public utility service**
- 22 **furnished by a public utility to a purchaser for resale.**

23 **(d) As used in this section, "retail rate adjustment mechanism"
24 means a:**

- 25 **(1) tracking provision;**
- 26 **(2) surcharge provision; or**
- 27 **(3) similar mechanism or provision;**
- 28 **approved by the commission to periodically adjust a public utility's**
- 29 **rates and charges for retail public utility service to allow for the**
- 30 **recovery of certain costs.**

31 **(e) Upon the petition of a public utility, the commission shall**

32 **allow the public utility to recover through a retail rate adjustment**

33 **mechanism qualified increased tax costs if the public utility**

34 **provides substantial documentation of the qualified increased tax**

35 **costs in a form prescribed by the commission.**

36 **(f) Recovery of qualified increased tax costs under this section**

37 **does not preclude inclusion of the qualified increased tax costs in**

38 **a public utility's basic rates and charges in subsequent rate**

39 **proceedings. Any qualified increased tax costs subsequently**

40 **recovered in the public utility's basic rates and charges may not**

41 **also be recovered through the retail rate adjustment mechanism**

42 **under this section.**

43 **(g) A retail rate adjustment mechanism proposed by a public**

44 **utility under this section may be based on actual or forecasted**

45 **taxes due and payable under IC 6-2.1 for a particular taxable year.**

46 **If forecasted taxes are used, the retail rate adjustment mechanism**

47 **must contain a reconciliation mechanism to correct any variance**

1 between the public utility's forecasted qualified increased tax costs
2 and the public utility's actual increased tax costs in providing retail
3 public utility service. A public utility may not petition the
4 commission for a change in the retail rate adjustment mechanism
5 more than once during any twelve (12) month period.

6 (h) A retail rate adjustment resulting from a retail rate
7 adjustment mechanism approved by the commission under this
8 section:

9 (1) is in addition to any other rate adjustment a public utility
10 may be entitled to under this title; and

11 (2) is not considered a general increase in the basic rates and
12 charges of the public utility.

13 (i) When applicable, the commission shall make any
14 adjustments to a public utility's expense tests and return tests
15 during the twelve (12) month test period considered by the
16 commission in an application under section 42(d) or 42(g) of this
17 chapter or under IC 8-1-13-30(d), whichever applies, necessary to
18 permit the public utility to retain the revenues resulting from a
19 retail rate adjustment mechanism approved by the commission
20 under this section."

- 21 Delete pages 218 through 219.
- 22 Page 220, delete lines 1 through 2.
- 23 Page 220, delete lines 22 through 42.
- 24 Delete pages 221 through 223.
- 25 Page 224, delete lines 1 through 5.
- 26 Page 225, delete lines 36 through 42.
- 27 Page 226, delete lines 1 through 36.
- 28 Page 227, delete lines 29 through 38.
- 29 Page 240, delete lines 21 through 28.
- 30 Page 241, delete lines 39 through 42.
- 31 Page 242, delete lines 1 through 34, begin a new paragraph and
32 insert:

33 "SECTION 266. IC 12-24-1-3, AS AMENDED BY P.L.215-2001,
34 SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JANUARY 1, 2002 (RETROACTIVE)]: Sec. 3. (a) The director of the
36 division of mental health and addiction has administrative control of
37 and responsibility for the following state institutions:

- 38 (1) Central State Hospital.
- 39 (2) Evansville State Hospital.
- 40 (3) Evansville State Psychiatric Treatment Center for Children.
- 41 (4) Larue D. Carter Memorial Hospital.
- 42 (5) Logansport State Hospital.
- 43 (6) Madison State Hospital.
- 44 (7) Richmond State Hospital.
- 45 (8) Any other state owned or operated mental health institution.

46 (b) Subject to the approval of the director of the budget agency and
47 the governor, the director of the division of mental health and addiction

1 may contract for the management and clinical operation of Larue D.
2 Carter Memorial Hospital.

3 **(c) The following apply to the Evansville State Psychiatric**
4 **Treatment Center for Children:**

5 **(1) Notwithstanding any other statute or policy, the division**
6 **of mental health and addiction may not do the following after**
7 **December 31, 2001, unless specifically authorized by a statute**
8 **enacted by the general assembly:**

9 **(A) Terminate, in whole or in part, normal patient care or**
10 **other operations at the facility.**

11 **(B) Reduce the staffing levels and classifications below**
12 **those in effect at the facility on January 1, 2002.**

13 **(C) Terminate the employment of an employee of the**
14 **facility except for cause in accordance with IC 4-15-2.**

15 **(2) The division of mental health and addition shall fill a**
16 **vacancy created by a termination described in subdivision**

17 **(1)(C) so that the staffing levels at the facility are not reduced**
18 **below the staffing levels in effect on January 1, 2002.**

19 **(3) Notwithstanding any other statute or policy, the division**
20 **of mental health and addiction may not remove, transfer, or**
21 **discharge any patient at the facility unless the removal,**
22 **transfer, or discharge is in the patient's best interest."**

23 Page 243, delete lines 7 through 42.

24 Page 244, delete lines 1 through 22.

25 Page 254, delete line 42.

26 Page 255, delete lines 1 through 4.

27 Page 257, delete lines 16 through 32.

28 Page 259, delete lines 34 through 42, begin a new paragraph and
29 insert:

30 "SECTION 309. IC 20-10.1-16-4, AS AMENDED BY
31 P.L.146-1999, SECTION 6, IS AMENDED TO READ AS FOLLOWS
32 [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) The board shall:

33 (1) authorize the development and implementation of the Indiana
34 statewide testing for educational progress program; and

35 (2) determine the date on which the statewide testing is
36 administered in each school corporation.

37 (b) The state superintendent is responsible for the overall
38 development, implementation, and monitoring of the ISTEP program.

39 (c) The department shall prepare detailed design specifications for
40 the ISTEP program that must do the following:

41 (1) Take into account the academic standards **specified in section**
42 **6(a)(1), 6(a)(2), and 6(a)(4) of this chapter.**

43 (2) Include testing of students' higher level cognitive thinking in
44 each subject area tested.

45 SECTION 310. IC 20-10.1-16-7, AS AMENDED BY P.L.146-1999,
46 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
47 JULY 1, 2002]: Sec. 7. (a) The scoring of student responses under an

- 1 ISTEP test:
- 2 (1) must measure student achievement relative to the academic
- 3 standards ~~established by the Indiana state board of education;~~
- 4 **specified in section 6(a)(1), 6(a)(2), and 6(a)(4) of this chapter;**
- 5 (2) must adhere to scoring rubrics and anchor papers; and
- 6 (3) may not reflect the scorer's judgment of the values expressed
- 7 by a student in the student's responses.
- 8 (b) This subsection applies to reports of scores in mathematics and
- 9 English language arts. Reports must:
- 10 (1) provide scores indicating student performance relative to each
- 11 of the academic standards:
- 12 (A) established by the Indiana state board of education; and
- 13 (B) assessed by the test;
- 14 (2) be related to passing scores established by the board; and
- 15 (3) contain the information listed in subdivisions (1) and (2) for
- 16 the following levels:
- 17 (A) Individual student.
- 18 (B) Classroom.
- 19 (C) School.
- 20 (D) School corporation.
- 21 (E) The state of Indiana.
- 22 (c) Reports of student scores must be:
- 23 (1) returned to the school corporation that administered the test;
- 24 and
- 25 (2) accompanied by a guide for interpreting scores.
- 26 (d) After reports of student scores are returned to a school
- 27 corporation, the school corporation shall promptly do the following:
- 28 (1) Give each student and the student's parent or guardian the
- 29 student's ISTEP scores.
- 30 (2) Make available for inspection to each student and the student's
- 31 parent or guardian the following:
- 32 (A) A copy of the essay questions and prompts used in
- 33 assessing the student.
- 34 (B) A copy of the student's scored essays.
- 35 (C) A copy of the anchor papers and scoring rubrics used to
- 36 score the student's essays.
- 37 A student's parent or guardian may request a rescoring of a student's
- 38 responses to a test, including a student's essay. No individual's ISTEP
- 39 scores may be disclosed to the public.
- 40 (e) After a school receives score reports, the school shall schedule
- 41 a parent/teacher conference with the following:
- 42 (1) A parent who requests a parent/teacher conference on the
- 43 scores of the parent's child.
- 44 (2) The parent of each student who does not receive a passing
- 45 score on the test. The conference must include a discussion of:
- 46 (A) the student's test scores, including subscores on academic

1 standards; and

2 (B) the proposed remediation plan for the student.

3 (f) The aggregate results of the ISTEP tests shall be compiled by
4 each school corporation in a manner that will permit evaluation of
5 learning progress within the school corporation. The school corporation
6 shall make the compilation of test results available for public
7 inspection and shall provide that compilation to the parent or guardian
8 of each student tested under the ISTEP program.

9 (g) The department shall develop a format for the publication by
10 school corporations in an annual performance report required by statute
11 of appropriate academic information required by the department,
12 including ISTEP scores, in a manner that a reasonable person can
13 easily read and understand.

14 (h) The school corporation shall provide the ISTEP program test
15 results on a school by school basis to the department upon request.

16 (i) Upon request by the commission for higher education, the
17 department shall provide ISTEP program test results to the commission
18 for those students for whom the commission under 20 U.S.C. 1232(g)
19 has obtained consent.

20 SECTION 311. IC 20-10.1-17-3, AS AMENDED BY P.L.146-1999,
21 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2002]: Sec. 3. (a) The board shall adopt clear, concise, and
23 jargon free state academic standards that are comparable to national
24 and international academic standards. These academic standards must
25 be adopted for each grade level from kindergarten through grade 12 for
26 the following subjects:

- 27 (1) English/language arts.
- 28 (2) Mathematics.
- 29 (3) Social studies.
- 30 (4) Science.

31 For grade levels tested under the ISTEP program, the academic
32 standards **specified in subdivisions (1), (2), and (4)** must be based in
33 part upon the results of the ISTEP program.

34 (b) The department shall do the following:

- 35 (1) Distribute the academic standards established under this
36 section to each school corporation for distribution by the school
37 corporation to the parent of each student in the school
38 corporation.
- 39 (2) Survey parents of students, members of the business
40 community, representatives of higher education, and educators on
41 the importance and applicability of academic standards.

42 (c) ISTEP program testing shall be administered in the following
43 subject areas:

- 44 (1) English/language arts.
- 45 (2) Mathematics.
- 46 (3) Beginning in school year 2002-2003, science, in grade levels

- 1 determined by the board.
- 2 ~~(4) Beginning in school year 2003-2004, social studies, in grade~~
- 3 ~~levels determined by the board."~~.
- 4 Delete pages 260 through 261.
- 5 Page 262, delete lines 1 through 20.
- 6 Page 263, delete lines 7 through 42.
- 7 Delete page 264.
- 8 Page 265, delete lines 1 through 10.
- 9 Page 265, delete lines 29 through 42.
- 10 Page 266, delete lines 1 through 40.
- 11 Page 267, delete lines 10 through 42.
- 12 Delete pages 268 through 270.
- 13 Page 271, delete lines 1 through 8.
- 14 Page 271, line 13, reset in roman "corporate gross".
- 15 Page 271, line 14, reset in roman "income taxes,".
- 16 Page 271, line 15, delete "business supplemental tax,".
- 17 Page 271, line 38, reset in roman "gross income taxes,".
- 18 Page 271, line 40, delete "business supplemental tax,".
- 19 Page 276, line 25, reset in roman "the gross income tax,".
- 20 Page 276, line 27, delete "business supplemental tax,".
- 21 Page 276, line 31, reset in roman "gross income taxes,".
- 22 Page 276, line 33, delete "business supplemental tax,".
- 23 Page 277, line 37, reset in roman "gross income taxes,".
- 24 Page 277, line 38, delete "business".
- 25 Page 277, line 39, delete "supplemental tax,".
- 26 Page 278, delete lines 9 through 42.
- 27 Page 279, delete lines 1 through 2.
- 28 Page 283, line 24, after "individual" insert **"who resides in the**
- 29 **county described in subsection (a)"**.
- 30 Page 283, line 26, after "individual" insert **"who resides in the**
- 31 **county described in subsection (a)"**.
- 32 Page 340, line 27, delete "IC 6-2.1-1-0.5; IC 6-2.1-1-0.6;".
- 33 Page 340, delete lines 28 through 34.
- 34 Page 340, line 35, delete "IC 6-2.1-4.5; IC 6-2.1-8-4; IC 6-3-3-2;
- 35 IC 6-3-7-1;".
- 36 Page 343, delete lines 41 through 42.
- 37 Page 344, delete lines 1 through 36.
- 38 Page 345, delete lines 23 through 42.
- 39 Page 346, delete lines 1 through 9.
- 40 Page 346, line 15, delete "and".
- 41 Page 346, line 17, delete "." and insert **"; and**
- 42 **(4) is a public utility (as defined in IC 6-2.1-1-9.5, as added by**
- 43 **this act)."**.
- 44 Page 347, line 6, delete "2002." and insert **"2003."**
- 45 Page 347, line 9, delete "2003." and insert **"2004."**
- 46 Page 347, between lines 15 and 16, begin a new line block indented

1 and insert:

2 **"(4) Increased property tax replacement credits (IC 6-1.1-21).**

3 **(5) Inventory tax credit (IC 6-3.5-23.8)."**

4 Page 347, line 17, delete "2003." and insert "**2004.**".

5 Page 349, delete lines 14 through 17, begin a new paragraph and
6 insert:

7 "SECTION 385. [EFFECTIVE JULY 1, 2002] **Beginning July 1,**
8 **2002, any rules, policies, or programs that provide for the**
9 **expansion of the ISTEP program or related remediation programs**
10 **in social studies are void."**

11 Page 355, line 10, after "2002." insert "**All employees of state**
12 **agencies on July 1, 2002, shall receive a general salary increase of**
13 **two percent (2%). All pay schedules of state agencies in effect on**
14 **July 1, 2002, are increased by two percent (2%)."**

15 Page 355, delete lines 13 through 27, begin a new paragraph and
16 insert:

17 **"(d) Subsection (b) and IC 6-3-7-3 apply to employees working**
18 **for state agencies if the agency is funded from the state general**
19 **fund, dedicated funds, dedicated accounts, or federal funds.**

20 **(e) Subsection (b) and IC 6-3-7-3 do not apply to a person for**
21 **whom a salary is specifically set in state law."**

22 Page 355, line 37, after "appropriation." insert "**The state agency**
23 **to which the money is appropriated must spend the money as**
24 **appropriated without any reversion at the end of the state fiscal**
25 **year. All procedures related to the allotment and distribution of the**
26 **money for appropriated expenditures shall be treated as clerical**
27 **functions without any statutory discretion."**

28 Page 357, delete lines 29 through 42.

29 Page 358, delete lines 1 through 18, begin a new paragraph and
30 insert:

31 "SECTION 397. [EFFECTIVE JULY 1, 2001 (RETROACTIVE)]
32 **(a) Notwithstanding any notice sent after June 30, 2001, the**
33 **division of mental health and addiction may not terminate or lay**
34 **off any employee at the Evansville State Psychiatric Treatment**
35 **Center for Children after June 30, 2001, solely as a part of a staff**
36 **reduction plan.**

37 **(b) Notwithstanding any other statute or policy, any employee**
38 **at the Evansville State Psychiatric Treatment Center for Children**
39 **terminated or laid off after June 30, 2001, solely as a part of a staff**
40 **reduction plan shall have a preference for recall or reemployment**
41 **at the facility.**

42 **(c) This SECTION does not prohibit, after June 30, 2001, the**
43 **termination of the employment of an employee for cause in**
44 **accordance with IC 4-15-2. However, the division of mental health**
45 **and addiction shall fill a vacancy created by the termination so that**
46 **the staffing levels at the Evansville State Psychiatric Treatment**
47 **Center for Children are not reduced below the staffing levels in**

1 effect on January 1, 2002.

2 SECTION 398. [EFFECTIVE UPON PASSAGE] In addition to
3 the requirements of any other law concerning procedures for the
4 closure of Muscatatuck State Developmental Center, the director
5 of the division of disability, aging, and rehabilitative services may
6 not complete the closure of Muscatatuck State Developmental
7 Center until residents of the center are placed in adequate
8 placements that meet the following criteria:

9 (1) The placements must appropriately meet the capabilities
10 and needs of the residents.

11 (2) The placements must be located reasonably close to the
12 families of residents so that the families may maintain the
13 same level of contact with the residents that the families had
14 before the residents were transferred from Muscatatuck State
15 Developmental Center.

16 (3) The placements must be presented to the individual or the
17 individual's representative for the person's input.

18 If there is a conflict between the provisions of this SECTION and
19 SEA 217-2002 with respect to the criteria for the placements
20 described in this SECTION, it is the intent of the general assembly
21 that the criteria listed in this SECTION apply instead of those
22 listed in SEA 217-2002."

23 Page 361, between lines 9 and 10, begin a new paragraph and insert:

24 "SECTION 403. [EFFECTIVE JULY 1, 2002] (a) It is the intent
25 of the general assembly to use additional revenue resulting from
26 the limitation made by this act on the amount of assessed value to
27 which the homestead credit under IC 6-1.1-20.9-2 applies to restore
28 cuts made to project safeplace, the youth services bureau, and the
29 domestic violence program for the state fiscal year beginning July
30 1, 2002, and ending June 30, 2003. If insufficient money is saved in
31 the state fiscal year beginning July 1, 2002, and ending June 30,
32 2003, by these changes to the homestead credit to fully restore the
33 cuts, the amount saved shall be prorated among the programs
34 described in this SECTION.

35 (b) Notwithstanding P.L.219-2001, SECTION 7, the
36 appropriation FOR THE FAMILY AND SOCIAL SERVICES
37 ADMINISTRATION, EARLY CHILDHOOD INTERVENTION
38 SERVICES/PROJECT SAFEPLACE, Total Operating Expense for
39 FY 2002-2003 is \$0 and not \$6,583,433.

40 (c) There is appropriated to the family and social services
41 administration six million four hundred fifty-eight thousand four
42 hundred thirty-three dollars (\$6,458,433) for total operating
43 expense from the state general fund for early childhood
44 intervention services for the state fiscal year beginning July 1,
45 2002, and ending June 30, 2003.

46 (d) There is appropriated to the family and social services
47 administration one hundred twenty-five thousand dollars

1 (\$125,000) for total operating expense from the state general fund
 2 for project safeplace for the state fiscal year beginning July 1,
 3 2002, and ending June 30, 2003.

4 (e) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other
 5 law or rule, the appropriation of one hundred twenty-five thousand
 6 dollars (\$125,000) for project safeplace made in subsection (d) for
 7 FY 2002-2003, is automatically allotted on a quarterly basis for the
 8 state fiscal year beginning July 1, 2002, and ending June 30, 2003.

9 (f) The money allotted in subsection (e) must be used for project
 10 safeplace, and the total amount of money allotted under subsection
 11 (e) must be spent by the family and social services administration
 12 for project safeplace in the state fiscal year beginning July 1, 2002,
 13 and ending June 30, 2003.

14 (g) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other
 15 law or rule, the appropriation of one million two hundred fifty
 16 thousand dollars (\$1,250,000) FOR THE FAMILY AND SOCIAL
 17 SERVICES ADMINISTRATION, YOUTHSERVICES BUREAU,
 18 Total Operating Expense made in P.L.291-2001, SECTION 7, for
 19 FY 2002-2003, is automatically allotted on a quarterly basis for the
 20 state fiscal year beginning July 1, 2002, and ending June 30, 2003.

21 (h) The money allotted in subsection (g) must be used for the
 22 youth services bureau and the total amount of money allotted
 23 under subsection (g) must be spent by the family and social services
 24 administration for the youth services bureau in the state fiscal year
 25 beginning July 1, 2002, and ending June 30, 2003.

26 (i) Notwithstanding IC 4-12-1-12, IC 4-13-2-18, or any other law
 27 or rule, the general fund appropriation of one million dollars
 28 (\$1,000,000) FOR THE FAMILY AND SOCIAL SERVICES
 29 ADMINISTRATION, DOMESTIC VIOLENCE PREVENTION
 30 AND TREATMENT PROGRAM, Total Operating Expense made
 31 in P.L.291-2001, SECTION 7, for FY 2002-2003, is automatically
 32 allotted on a quarterly basis for the state fiscal year beginning July
 33 1, 2002, and ending June 30, 2003.

34 (j) The money allotted in subsection (i) must be used for the
 35 domestic violence prevention and treatment program and the total
 36 amount of money allotted under subsection (g) must be spent by
 37 the family and social services administration for the domestic
 38 violence prevention and treatment program in the fiscal year
 39 beginning July 1, 2002, and ending June 30, 2003.

40 (k) This SECTION expires July 1, 2003.

41 SECTION 404. [EFFECTIVE JANUARY 1, 2002
 42 (RETROACTIVE)] (a) This SECTION applies notwithstanding the
 43 repeal of 50 IAC 4.2 and 50 IAC 5.1.

44 (b) The definitions in IC 6-1.1-1 apply throughout this
 45 SECTION.

46 (c) 50 IAC 4.3 and 50 IAC 5.2 apply for purposes of property
 47 taxes first due and payable in 2003, except as provided in

1 subsection (d).
 2 (d) For purposes of property taxes first due and payable in 2003,
 3 the following apply in the assessment of tangible personal
 4 property:
 5 (1) The ten percent (10%) of cost assessment provisions of:
 6 (A) 50 IAC 4.2-6-1 for tangible personal property not
 7 placed in service; and
 8 (B) 50 IAC 5.1-9-1 for construction in progress.
 9 (2) The depreciation percentage factors in 50 IAC 4.2-4-7.
 10 (e) 50 IAC 4.3 and 50 IAC 5.2 are void to the extent they conflict
 11 with this SECTION.
 12 (f) In the manner and by the deadlines stated in IC 6-1.1-16-1,
 13 the:
 14 (1) township assessor shall make the adjustments required by
 15 subsection (d) to the assessments of all property subject to 50
 16 IAC 4.3; and
 17 (2) department of local government finance shall make the
 18 adjustments required by subsection (d) to the assessments of
 19 all property subject to 50 IAC 5.1.
 20 (g) The department of local government finance may adopt
 21 temporary rules in the manner provided for the adoption of
 22 emergency rules under IC 4-22-2-37.1 to implement this
 23 SECTION. A temporary rule adopted under this subsection expires
 24 on the earliest of the following:
 25 (1) The date that another temporary rule adopted under this
 26 subsection supersedes the prior temporary rule.
 27 (2) The date that permanent rules adopted under IC 4-22-2
 28 supersede the temporary rule.
 29 (3) January 1, 2004.
 30 (h) This SECTION expires January 1, 2004."
 31 Renumber all SECTIONS consecutively.
 (Reference is to HB 1001(ss) as printed June 3, 2002.)

Representative Bauer