Reprinted
February 23, 1998

ENGROSSED
SENATE BILL No. 352

DIGEST OF SB 352 (Updated February 20, 1998 3:57 pm - DI 73)

Citations Affected: IC 4-4; IC 6-3; IC 6-3.1; IC 6-5.5; IC 20-1; noncode.

Synopsis: Property tax deduction and education expense credit. Provides that property taxes deductible under the Internal Revenue Code are not to be added back to income by corporations, trusts, and individuals in business in determining Indiana adjusted gross income tax or the financial institutions tax for the 1998 and 1999 tax years. Provides an Indiana property tax deduction of up to $2,000 for residential property owners who are not in business for the 1998 and 1999 tax years. Increases the renters' deduction in the individual

(Continued next page)

Effective: April 1, 1998 (retroactive); July 1, 1998; January 1, 2000; March 1, 2001.

Kenley, Ford, Waterman, Meeks, Weatherwax, Clark, Dempsey, Nugent, Hume, Craycraft, R. Young, Skillman, Long, Riegsecker, Merritt

(HOUSE SPONSORS — BAUER, ESPICH, MURPHY, KRUSE)

January 8, 1998, read first time and referred to Committee on Finance.
January 27, 1998, amended, reported favorably — Do Pass.
February 2, 1998, read second time, amended, ordered engrossed.
February 3, 1998, engrossed. Read third time, passed. Yeas 42, nays 8.

HOUSE ACTION

February 10, 1998, read first time and referred to Committee on Ways and Means.
February 17, 1998, amended, reported — Do Pass.
February 20, 1998, read second time, amended, ordered engrossed.

adjusted gross income tax from $1,500 to $2,000 for the 1998 and 1999 tax years. Provides an adjusted gross income tax refundable credit for the 1998 and 1999 tax years for certain elementary and secondary education expenses (kindergarten through grade 12) that are incurred by a taxpayer for an eligible dependent and paid to others. Specifies the various expenses that are qualified education expenses for credit purposes for eligible dependents who are enrolled in a public school or an accredited nonpublic school. Establishes the maximum amount of the credit at $100 per eligible dependent. Requires the department of education to develop a list of certain programs approved for tax credit purposes. Amends the definition of "community development corporation" for purposes of the law concerning individual development accounts. Reduces to $100 (from $1,000) the minimum amount that must be contributed to an individual development account fund before the contribution is eligible for the individual development account tax credit.

Reprinted
February 23, 1998

Second Regular Session 110th General Assembly (1998)

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 1997 General Assembly.

ENGROSSED
SENATE BILL No. 352

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

SECTION 1. IC 4-4-28-2, AS ADDED BY P.L.15-1997, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter, "community development corporation" means a private, nonprofit corporation:

(1) whose board of directors consists primarily of community representatives and business, civic, and community leaders; and
(2) whose principal purpose includes the provision of:
(A) housing;
(B) community based economic development projects; ~~and~~ **or**
(C) social services;
that primarily benefit low income individuals and communities.

SECTION 2. IC 6-3-1-3.5, AS AMENDED BY P.L.57-1997, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 3.5. When used in IC 6-3, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States or for taxes on property levied by any subdivision of any state of the United States. **However, for the taxable year beginning in 1998 and the taxable year beginning in 1999, individuals do not have to add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes on property levied by any subdivision of any state of the United States.**

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer, and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract five hundred dollars ($500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996, and before January 1, 2001. This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars ($2,000).

(7) Add an amount equal to the total ordinary income portion of a lump sum distribution (as defined in Section 402(e)(4)(A) of the Internal Revenue Code), if the lump sum distribution is received by the individual during the taxable year and if the ordinary income portion of the distribution is taxed in the manner provided

in Section 402(e) of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Internal Revenue Code Section 111 as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code, if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2, IC 12-10-6-3, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) For the taxable year beginning in 1998 and the taxable year beginning in 1999, subtract the lesser of two thousand dollars ($2,000) or an amount equal to the property taxes levied by any political subdivision in Indiana or by the state that are paid by the individual. However, an individual may not take a deduction under this subdivision for property taxes for which the individual takes a deduction from gross income under Section 62 of the Internal Revenue Code.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States or for taxes on property levied by any subdivision of any state of the United States. **However, for the taxable year beginning in 1998 and the taxable year beginning in 1999, corporations do not have to add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes on property levied by any subdivision of any state of the United States.**

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(c) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) reduced by income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

SECTION 3. IC 6-3-2-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 6. (a) Each taxable year, an individual who rents a dwelling for use as his principal place of residence may deduct from his adjusted gross income, as defined in IC 6-3-1-3.5(a), the lesser of:

(1) the amount of rent paid by him with respect to the dwelling during the taxable year; or

(2) **for:**

(A) the taxable year beginning in 1998 and for the taxable year beginning in 1999, two thousand dollars ($2,000); or

(B) taxable years beginning before January 1, 1998, and taxable years beginning after December 31, 1999, one thousand five hundred dollars ($1,500).

(b) Notwithstanding subsection (a), a husband and wife filing a joint adjusted gross income tax return for a particular taxable year may not claim a deduction under this section of more than **the following:**

(1) For the taxable year beginning in 1998 and for the taxable year beginning in 1999, two thousand dollars ($2,000); or

(2) For taxable years beginning before January 1, 1998, and taxable years beginning after December 31, 1999, one thousand five hundred dollars ($1,500).

(c) The deduction provided by this section does not apply to an individual who rents a dwelling that is exempt from Indiana property tax.

(d) For purposes of this section, a "dwelling" includes a single family dwelling and unit of a multi-family dwelling.

SECTION 4. IC 6-3.1-19 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]:

Chapter 19. Elementary and Secondary Education Tax Credit for Education Expenses

Sec. 1. As used in this chapter, "accredited nonpublic school" means a nonpublic school that:

(1) voluntarily seeks; and

(2) receives;

accreditation as authorized under IC 20-1-1-6(a)(5).

Sec. 2. As used in this chapter, "eligible dependent" means a dependent, as defined in Section 151(c)(1)(B) of the Internal Revenue Code, who is enrolled in kindergarten through grade 12 in a public school or an accredited nonpublic school.

Sec. 3. As used in this chapter, "nonpublic school" has the meaning set forth in IC 20-10.1-1-3.

Sec. 4. As used in this chapter, "public school" has the meaning set forth in IC 20-10.1-1-2.

Sec. 5. As used in this chapter, "qualified education expense" means any of the following expenses incurred by a taxpayer during the taxable year and paid to others for an eligible dependent:

(1) Fees for academic instruction offered by a public school or an accredited nonpublic school:

(A) in grade or age appropriate curricula outside of a regular school year or school day;

(B) in the core curriculum areas of language arts, mathematics, science, or social studies; and

(C) for a program approved by the department of education under IC 20-1-1.1-11.

(2) Expense for textbooks and instructional materials. This subdivision excludes an expense for textbooks and instructional materials for the teaching of religious tenets, doctrines, or worship when the purpose of the teaching is to instill religious tenets, doctrines, or worship.

(3) Personal computer expense for:

(A) personal computer hardware, excluding single purpose processors; and

(B) educational software that assists an eligible dependent to improve or expand knowledge and skills in core curriculum areas, including language arts, mathematics, science, or social studies;

purchased for use in the eligible dependent's home and not used in trade or business.

Sec. 6. As used in this chapter, "taxpayer" means an individual who has any adjusted gross income tax liability.

Sec. 7. A taxpayer who incurs a qualified education expense is entitled to a credit against the adjusted gross income tax imposed by IC 6-3 for the taxable year during which the taxpayer incurs the qualified education expense. The credit is equal to the lesser of:

(1) the taxpayer's qualified education expense;or

(2) one hundred dollars ($100) per eligible dependent.

Sec. 8. If both spouses reside in the same household, only one (1) credit may be claimed by the spouses under this chapter for the taxable year. However, in the case of a husband and wife who incur a qualified education expense and file separate tax returns, the husband and wife may take the credit in equal shares or one (1) spouse may take the entire credit.

Sec. 9. If the amount of the credit provided by this chapter that a taxpayer uses during a particular taxable year exceeds the sum of the taxes imposed by IC 6-3 for the taxable year after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter, the excess shall be returned to the taxpayer as a refund.

Sec. 10. This chapter expires January 1, 2000. This expiration does not affect a taxpayer's right to a credit for taxable years beginning in 1998 or 1999.

SECTION 5. IC 6-3.1-18-6, AS ADDED BY P.L.15-1997, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) Subject to the limitations provided in subsection (b) and sections 7, 8, 9, 10, and 11 of this chapter, the department shall grant a tax credit against any gross, adjusted gross, or supplemental net income tax due equal to fifty percent (50%) of the amount contributed by a person or an individual to a fund if the contribution is not less than one ~~thousand~~ **hundred** dollars ~~($1,000)~~ **($100)** and not more than fifty thousand dollars ($50,000).

(b) The credit provided by this chapter shall only be applied against any income tax liability owed by the taxpayer after the application of any credits that under IC 6-3.1-1-2 must be applied before the credit provided by this chapter.

SECTION 6. IC 6-5.5-1-2, AS AMENDED BY P.L.28-1997, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States or for taxes on property levied by a state or a subdivision of a state of the United States. **However, for the taxable year beginning in 1998 and the taxable year beginning in 1999, taxpayers do not have to add an amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes on property levied by a state or a subdivision of a state of the United States.**

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) of the Internal Revenue Code.

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

(1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by

(2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

(1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and

(2) solicits or receives a payment to be made to itself and issues in exchange for the payment:

(A) a so-called bond;

(B) a share;

(C) a coupon;

(D) a certificate of membership;

(E) an agreement;

(F) a pretended agreement; or

(G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 7. IC 20-1-1.1-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: **Sec. 11. The department shall develop criteria and establish and publish a list of programs that the department approves under the criteria for purposes of an education tax credit for fees for academic instruction outside of a regular school year or school day under IC 6-3.1-19 and IC 6-3.1-20.**

SECTION 8. [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)] **IC 6-3-2-6, as amended by this act, applies only to taxable years beginning after December 31, 1997.**

SECTION 9. [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)] **IC 6-3.1-19, as added by this act, applies only to the taxable year beginning in 1998 and the taxable year beginning in 1999.**

SECTION 10. [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)] **IC 6-3-1-3.5 and IC 6-5.5-1-2, both as amended by this act, apply only to taxable years beginning after December 31, 1997.**

SECTION 11. **An emergency is declared for this act.**

SENATE MOTION

Mr. President: I move that Senator Waterman be added as coauthor of Senate Bill 352.

KENLEY

SENATE MOTION

Mr. President: I move that Senator Ford be added as second author and Senators Meeks, Weatherwax and Clark be added as coauthors of Senate Bill 352.

KENLEY

SENATE MOTION

Mr. President: I move that Senator Nugent be added as coauthor of Senate Bill 352.

KENLEY

SENATE MOTION

Mr. President: I move that Senator Dempsey be added as coauthor of Senate Bill 352.

KENLEY

COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill 352, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 12, line 11, after "1999," insert "**to a fund other than the general fund,**".

Page 13, reset in bold lines 25 through 27.

Page 13, line 28, reset in bold "corporation for".

Page 13, line 28, reset in bold "ensuing calendar year".

Page 16, between lines 12 and 13, begin a new paragraph and insert:

"SECTION 19. IC 6-1.1-19-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: **Sec. 12. (a) As used in this section, "revenues" means excise tax distributions under IC 6-6-5 and any other allocation of state tax collections or distributions that, by statute:**

(1) are distributed to school corporations; and

(2) are based on the property tax levies imposed by the taxing units in a county.

The term does not include homestead credits or property tax replacement credits.

(b) A school corporation is entitled to receive for the school corporation's general fund a proportion of the revenues that are distributed within the county. The amount that the school corporation is entitled to receive during that calendar year equals the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the amount of revenue that is available for distribution in the county in that calendar year.

STEP TWO: Determine the school general fund budget for that calendar year.

STEP THREE: Determine the sum of:

(A) the property tax levies imposed by all taxing units in the county; and

(B) the school general fund budgets for all school corporations in the county;

for that calendar year.

STEP FOUR: Determine the result of the STEP TWO amount divided by the STEP THREE sum.

STEP FIVE: Multiply the STEP ONE amount by the STEP FOUR result.

(c) The amount of revenues distributed to:

(1) taxing units other than a school corporation; and

(2) funds of a school corporation for which a property tax levy is imposed;

shall be changed for that same year by reducing the amount of revenue distributed by the amount of revenue allocated under this section for that same calendar year. The state board of tax commissioners shall make any adjustments required by this section and provide them to the appropriate county auditors.

(d) A school corporation shall be treated as a taxing unit for purposes of a distribution of financial institutions tax revenues under IC 6-5.5-8-2.".

Page 40, line 7, delete "IC 6-1.1-18-1.9" and insert "**IC 6-1.1-19-1.9**".

Page 59, line 22, delete "IC 6-3-7-2.5;".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to Senate Bill 352 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 10, Nays 5.

SENATE MOTION

Mr. President: I move that Senate Bill 352 be amended to read as follows:

Page 11, line 14, after "fund" delete "," and insert "**if another statute provides for an appeal under this section,**".

Page 12, line 35, after "concludes" insert "**, after studying an appeal petition,**".

Page 15, line 34, after "Determine" insert "**fifty percent (50%) of**".

Page 15, line 39, after "(B)" insert "**fifty percent (50%) of**".

Page 22, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 27. IC 6-1.1-44 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 1998 (RETROACTIVE)]:

Chapter 44. Replacement of Property Tax Levies in Allocation Areas

Sec. 1. As used in this chapter, "allocation area" refers to an area that is established under the authority of any of the following statutes and in which property taxes levied by a taxing unit other than the area are allocated to the use of the area:

(1) IC 6-1.1-39-5.
(2) IC 8-22-3.5-9.
(3) IC 36-7-14-30.
(4) IC 36-7-14-32.
(5) IC 36-7-14-39.
(6) IC 36-7-14-41.
(7) IC 36-7-14-43.
(8) IC 36-7-14.5-12.5.
(9) IC 36-7-15.1-20.
(10) IC 36-7-15.1-22.
(11) IC 36-7-15.1-26.
(12) IC 36-7-15.1-29.
(13) IC 36-7-15.1-30.
(14) IC 36-7-30-25.
(15) Any other similar statute.

Sec. 2. As used in this chapter, "obligation" means an obligation entered into by the governing body of an allocation area to repay:

(1) the principal and interest on bonds; or
(2) any other contractual obligation;

from revenues received from the levy of an ad valorem property tax by a taxing unit. The term includes a guarantee of repayment from ad vaolrem property tax levies if other revenues are insufficient to make a payment.

Sec. 3. After April 1, 1998, the governing body of an allocation area may not pledge a school general fund property tax levy that is first due and payable after December 31, 1999, to the payment of an obligation.

Sec. 4. (a) This section applies to an allocation area in which:

(1) the holders of bonds or another contractual obligation received a pledge before April 2, 1998, of ad valorem property tax levies to repay any part of the bonds or other contractual obligation after December 31, 1999; and

(2) the elimination of a general fund property tax levy for a school corporation adversely affects the ability of the allocation area to repay the bonds or other contractual obligation described in subdivision (1).

(b) The governing body of an allocation area may, after a hearing, impose a special assessment on the owners of property that is located in an allocation area to repay an obligation that comes due after December 31, 1999. The total amount of the special assessment in a year may not exceed the amount by which the total due in the year on the obligations of the allocation area entered into before April 2, 1998, exceed the amount of other revenues available to the allocation area.

(c) A special assessment shall be imposed and collected in the same manner as ad valorem property taxes are imposed and collected.".

Page 56, line 6, after "fund." insert "**The general assembly declares that sufficient tax revenues and distributions will be provided after December 31, 1999, so that each school corporation will be eligible to receive for its general fund an amount at least equal to the amount that the school corporation received in the immediately preceding year.**".

Page 60, after line 2, begin a new paragraph and insert:

SECTION 70. **An emergency is declared for this act.**"

Renumber all SECTIONS consecutively.

(Reference is to Senate Bill 352 as printed January 28,1998.)

KENLEY

SENATE MOTION

Mr. President: I move that Senators Hume and R. Young be added as coauthors of Senate Bill 352.

KENLEY

SENATE MOTION

Mr. President: I move that Senator Craycraft be added as coauthor of Senate Bill 352.

KENLEY

SENATE MOTION

Mr. President: I move that Senators Skillman, Long, Riegsecker and Merritt be added as coauthors of Senate Bill 352.

KENLEY

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 352, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to Senate Bill 352 as reprinted February 3, 1998.)

BAUER, Chair

Committee Vote: yeas 16, nays 8.

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 352 be amended to read as follows:

Page 5, line 19, delete ":" and insert "**offered by a public school or an accredited nonpublic school:**".

(Reference is to Engrossed Senate Bill 352 as printed February 18, 1998.)

BAUER

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 352 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-4-28-2, AS ADDED BY P.L.15-1997, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter, "community development corporation" means a private, nonprofit corporation:

(1) whose board of directors consists primarily of community representatives and business, civic, and community leaders; and

(2) whose principal purpose includes the provision of:

(A) housing;

(B) community based economic development projects; ~~and~~ **or**

(C) social services;

that primarily benefit low income individuals and communities.".

Page 6, between lines 20 and 21, begin a new paragraph and insert:

"SECTION 3. IC 6-3.1-18-6, AS ADDED BY P.L.15-1997, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) Subject to the limitations provided in subsection (b) and sections 7, 8, 9, 10, and 11 of this chapter, the department shall grant a tax credit against any gross, adjusted gross, or supplemental net income tax due equal to fifty percent (50%) of the amount contributed by a person or an individual to a fund if the contribution is not less than one ~~thousand~~ **hundred** dollars ~~($1,000)~~ **($100)** and not more than fifty thousand dollars ($50,000).

(b) The credit provided by this chapter shall only be applied against any income tax liability owed by the taxpayer after the application of any credits that under IC 6-3.1-1-2 must be applied before the credit provided by this chapter.".

Renumber all SECTIONS consecutively.

(Reference is to Engrossed Senate Bill 352 as printed February 18, 1998.)

DAY