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# ENGROSSED

## SENATE BILL No. 382

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DIGEST OF SB 382 (Updated February 18, 1998 5:33 pm - DI 58)

**Citations Affected:** IC 4-4; IC 6-1.1; IC 6-2.1; IC 6-3; IC 6-3.1; IC 6-3.5; IC 6-5.5; IC 6-6; IC 6-8.1; IC 6-9; IC 7.1-1; IC 7.1-4; IC 20-5; IC 36-2; IC 36-4; IC 36-6; IC 36-7; noncode.

**Synopsis:** Taxation and economic development. Specifies that the Indiana port commission is eligible for grants from the industrial development grant fund. Reestablishes a county land valuation commission in each county. Requires the county property tax assessment board of appeals to oversee setting land values. Requires a request for an appropriation from the property reassessment fund to be submitted to the county assessor at the same time the request is submitted to the fiscal body. Removes the provision declaring that true tax value does not mean fair market value. For purposes of the two property tax deductions for rehabilitation of property, provides that: (1) the repair, replacement, or improvement must be significant and must be made to an existing structure; and (2) the deduction is reduced each year by 20%. Increases the deduction percentage from 50% to 80% for rehabilitation of property that is at least fifty years old. Limits the

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**Effective:** See text of bill.

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## Mills, Gery, Merritt, Howard, Landske

(HOUSE SPONSORS — BAUER, BUELL, SCHOLER, KLINKER, KRUZAN)

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January 12, 1998, read first time and referred to Committee on Finance.  
January 26, 1998, amended, reported favorably — Do Pass.  
January 29, 1998, read second time, ordered engrossed. Engrossed.  
January 30, 1998, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 4, 1998, read first time and referred to Committee on Ways and Means.  
February 16, 1998, amended, reported — Do Pass.  
February 18, 1998, read second time, amended, ordered engrossed.

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maximum deduction. Requires data used for assessments to be computerized and updated annually beginning in 2002. Changes the filing of exemption applications from the county auditor to the county assessor. Requires that the state tax board rules provide for assessing nonagricultural land using comparable sales, agricultural land using income capitalization, and improvements on the basis of reproduction costs less depreciation. Provides that taxpayers may obtain the information used to value land. Requires the state board of tax commissioners to create a record of proceedings when an appeal to the tax court is made. Requires the state board of tax commissioners to accommodate all enrollees for the examinations for level one and level two appraisers. Requires the state tax board to provide level one and two examinations that coordinate with training sessions. Requires the state board of tax commissioners to revoke the certification of level one or level two assessors if fraud or misrepresentation occurs after notice and a hearing. Requires the state board of tax commissioners to adopt rules for revoking a certification. Provides that in Marion County (as in all other counties) the county auditor forwards sales disclosure forms to the county assessor. Eliminates the requirement that the sales disclosure forms be sent to the township assessor. Provides that in Marion County and Lake County, the county property tax assessment board of appeals must hold a hearing on a petition within 180 days (rather than 90 days). Provides that the property tax exemption for certain property that is stored in Indiana for shipment to an out of state destination and is in its original package also applies to property that is not stored in its original package if packaging is not practical until receipt of a final customer order. Provides a property tax exemption for real property that is owned by a nonprofit organization and is under or adjacent to a lake or reservoir created by a dam or control structure owned and operated by a public utility. Provides a property tax exemption for real property that is owned by a nonprofit organization and is used in the organization's efforts to protect the environment and the water quality of the lake or reservoir. Provides nonprofit radio and television stations, 4-H organizations, and Southern Indiana Higher Education Inc., with an exemption from property taxes. Provides nonprofit corporations acting as small business incubators with an exemption from property taxes to the extent of property used for small business incubation. Requires an annual application for an exemption for small business incubation. Changes the annual property tax filings required to obtain the deduction for new manufacturing equipment. Removes the right of a local unit to waive a statement of benefits an investment is at \$10,000,000. Specifies that a local unit may extend the compliance deadline for a statement of benefits. . Provides that property tax abatement deductions may be granted for any number of years less than or equal to ten years, except residential which is limited to five years. (Current law limits the abatement deduction to three, six, or ten years for real property and five or ten years for personal property.) Provides that certain research and development equipment is eligible for property tax abatement deductions. Allows the abatement deduction for research and development equipment only if the equipment is used in a research and development facility engaged in activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products. Requires county auditors to provide notice to the state board of tax commissioners and also to taxing units when an assessed value appeal is filed, if at least 1% of the assessed value of the unit is affected. Requires the division of appeals of the state board of tax commissioners to provide notice of a hearing on a petition for review to the affected taxing units, if at least 1% of the assessed value of the unit is affected. Requires a county executive to appeal to the tax court

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upon the request of an affected taxing unit if a final determination of the state board of tax commissioners would result in a claim for a refund that exceeds the lesser of: (1) \$800,000; or (2) an amount equal to 10% of the aggregate tax levies of any taxing unit in the county for that year. Requires the affected taxing unit to pay the cost of the appeal if it is at its request. Provides that the property taxes resulting from an assessment or increase in assessment may be paid when a petition for review or an appeal to the tax court regarding an assessment or increase in assessment is pending if the amount of assessed value in question is at least \$500,000. Requires a county treasurer to deposit the property taxes resulting from the contested assessment or increase in assessment in an interest bearing reserve account. Provides that refunds are first paid from the reserve account. Requires the rules of the state board of tax commissioners to include instructions for determining the starting point for the valuation of used depreciable personal property after a sale or transfer of the property. Provides for the repayment of refunds that exceed \$100,000 in not more than four annual installments if the money is not in an escrow account. Requires a taxing unit to deposit the property taxes and interest in the unit's levy excess fund if the assessment or increase in assessment is upheld. Requires the county auditor to certify the amount of contested valuation as of July 15 to the fiscal officer of each political subdivision in the county. Makes the following changes concerning state and local taxation: (1) Changes a reference to the federal law defining passive investment income. (2) Changes the dates for quarterly payment of gross income tax by withholding agents. (3) Specifies that the capital gain portion (rather than the ordinary income portion) of certain lump sum distributions are added back to adjusted gross income for state tax purposes. (4) Updates the definition of "Internal Revenue Code" to reflect federal tax law changes in effect on January 1, 1998. (5) Specifies that a taxpayer (including a resident taxpayer) must notify the department of state revenue if there is a change to the taxpayer's federal tax return or federal tax liability. (6) Specifies that if a county changes the county's economic development income tax rate, the new rate must be one of the rates that the county could initially have imposed. (7) Changes a reference to the provisions under which trust companies are established. (8) Provides that a taxpayer may round to the nearest dollar amount when filing an income tax return. (9) Provides that a county fiscal body adopting an ordinance to impose or rescind the county innkeeper's tax or to change the rate of the tax must send a certified copy of the ordinance to the department of state revenue, and provides that the ordinance must take effect on the first day of a month and at least 30 days after adoption. (10) Provides for the taxation of hard apple cider that has an alcohol content. Provides that cider is an alcoholic beverage if it has at least 0.5% but not more than 7% alcohol content. Regulates hard cider that is an alcoholic beverage as a wine. Creates a hard cider excise tax at a rate of \$0.115 per gallon (same rate as the beer excise tax). Deposits all the revenue from the hard cider excise tax into the state general fund. (11) Provides that a pass through entity is a taxpayer in order to allow: (A) a pass through entity to take an enterprise zone employment expense credit; (B) a qualified employee of a pass through entity to take an enterprise zone employee wage deduction; and (C) a pass through entity to take an enterprise zone investment cost credit. Allows a corporation to take an enterprise zone investment cost credit. (12) For purposes of the financial institutions tax, adds a deduction from income concerning bad debt reserves for building and loan associations, mutual savings banks, and certain cooperative banks to correspond to federal tax law. Requires the county auditor instead of the county assessor to verify residences for motor vehicle excise tax purposes. Requires a political subdivision to take into consideration the amount of contested assessed valuation

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when calculating the tax levy that is to be made for the ensuing budget year. Requires a level two county assessor to be paid \$1,000 more than an individual who is not a level two assessor. Allows a municipality or county to request a local advisory commission on industrial development to designate an area as a community revitalization enhancement district. Provides that the advisory commission may designate an area as a community revitalization enhancement district only if: (1) the area contains a vacated building or buildings with at least 1,000,000 square feet of usable interior floor space or at least 500 and not more than 750 acres of property zoned for industrial use that was vacated because of a relocation outside Indiana; (2) at least 1,000 fewer persons are employed in the area than were employed in the area ten years previously; (3) certain specified obstacles to redevelopment of the area exist; and (4) the unit has expended, appropriated, or pledged at least \$100,000 for purposes of addressing the redevelopment obstacles. Provides that the duration of the district may not exceed 15 years. Provides a credit against certain state and local tax liability for a taxpayer that makes an investment for the redevelopment or rehabilitation of property located within a community revitalization enhancement district. Provides that the credit is equal to 25% of the investment. Limits the credits statewide to \$1,000,000 in a state fiscal year. Expires the credit in 2014. Provides that the incremental amount of state and local income taxes and state gross retail taxes collected from a community revitalization enhancement district shall be distributed to the district for deposit in the district's industrial development fund. Provides that a unit may use this revenue to pay bonds issued to finance the redevelopment in a community revitalization enhancement district. Requires the department of commerce to: (1) adopt rules implementing the economic development incentive accountability program; and (2) report annually to the governor, lieutenant governor, and the general assembly on the implementation of the program. Requires the fiscal officer of a second class city and each school corporation treasurer to examine tax duplicates and property tax assessments for proper form concerning city taxes. Permits Indianapolis and Lafayette to retroactively grant tax abatements that were offered to a property owner if the property owner has fulfilled all expectations. Makes conforming amendments.

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Reprinted  
February 19, 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. 382

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

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

- 1 SECTION 1. IC 4-4-12-1 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) As used in this chapter,  
3 "director" means the lieutenant governor, who is also the director of the  
4 department of commerce.  
5 (b) As used in this chapter, "eligible entity" means:  
6 (1) a city;  
7 (2) a town;  
8 (3) a county;  
9 (4) a special taxing district;  
10 (5) an economic development commission established under  
11 IC 36-7-12;  
12 (6) a nonprofit corporation;  
13 (7) a corporation established under IC 23-7-1.1 (before its repeal  
14 on August 1, 1991) or IC 23-17 for the purpose of distributing  
15 water for domestic and industrial use;

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- 1 (8) a regional water, sewage, or solid waste district;  
 2 (9) a conservancy district that includes in its purpose the  
 3 distribution of domestic water or the collection and treatment of  
 4 waste; ~~or~~  
 5 (10) the Indiana development finance authority established under  
 6 IC 4-4-11; **or**  
 7 **(11) the Indiana port commission established under IC 8-10-1.**

8 (c) As used in this chapter, "industrial development program" means  
 9 any program designed to aid economic development in Indiana, and  
 10 includes:

- 11 (1) the construction of airports, airport facilities, and tourist  
 12 attractions;  
 13 (2) the construction, extension, or completion of:  
 14 (A) sanitary sewerlines, storm sewers, and other related  
 15 drainage facilities;  
 16 (B) waterlines;  
 17 (C) roads and streets;  
 18 (D) sidewalks; and  
 19 (E) rail spurs and sidings;  
 20 (3) the leasing, purchase, construction, repair, and rehabilitation  
 21 of property, both real and personal; and  
 22 (4) the preparation of surveys, plans, and specifications for the  
 23 construction of publicly owned and operated facilities, utilities,  
 24 and services.

25 SECTION 2. IC 6-1.1-4-12 IS AMENDED TO READ AS  
 26 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 12. If land  
 27 assessed on an acreage basis is subdivided into lots, the land shall be  
 28 reassessed on the basis of lots. If land is rezoned for, or put to, a  
 29 different use, the land shall be reassessed on the basis of its new  
 30 classification **to determine the new true tax value.** If improvements  
 31 are added to real property, the improvements shall be assessed. An  
 32 assessment or reassessment made under this section is effective on the  
 33 next assessment date. However, if land assessed on an acreage basis is  
 34 subdivided into lots, the lots may not be reassessed until the next  
 35 assessment date following a transaction which results in a change in  
 36 legal or equitable title to that lot. No petition to the state board of tax  
 37 commissioners is necessary with respect to an assessment or  
 38 reassessment made under this section.

39 SECTION 3. IC 6-1.1-4-13.6, AS AMENDED BY P.L.6-1997,  
 40 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 41 JULY 1, 1997 (RETROACTIVE)]: Sec. 13.6. **(a) A county land**  
 42 **valuation commission (referred to in this section as the**

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1 "commission") is established in each county for the purpose of  
 2 determining the value of commercial, industrial, and residential  
 3 land (including farm homesites) in the county.

4 (b) The county assessor is chairperson of the commission.

5 (c) The members of the commission are as follows:

6 (1) The county assessor.

7 (2) One (1) township assessor from the county, to be  
 8 appointed by the county executive (as defined in IC 36-1-2-5).

9 (3) One (1) township assessor from the county, to be  
 10 appointed by all of the township assessors in the county by  
 11 majority vote. In case of a tie vote, the county assessor shall  
 12 cast a vote to break that tie.

13 (4) One (1) county resident who:

14 (A) holds a license under IC 25-34.1-3 as a salesperson,  
 15 appraiser, or broker; and

16 (B) is appointed by the county executive (as defined in  
 17 IC 36-1-2-5).

18 (5) Four (4) individuals who:

19 (A) are appointed by the county fiscal body (as defined in  
 20 IC 36-1-2-6); and

21 (B) each represent one (1) of the following four (4) types of  
 22 land in the county:

23 (i) Agricultural.

24 (ii) Commercial.

25 (iii) Industrial.

26 (iv) Residential.

27 (6) One (1) individual who:

28 (A) is appointed by the county executive (as defined in  
 29 IC 36-1-2-5); and

30 (B) represents financial institutions in the county.

31 (d) The term of each member of the commission begins  
 32 November 1, two (2) years before the commencement of the  
 33 general reassessment under IC 6-1.1-4-4, and ends January 1 of the  
 34 year the general reassessment commences under IC 6-1.1-4-4. The  
 35 appointing authority may fill any vacancy for the remainder of the  
 36 vacated term.

37 (a) (a) (e) The township assessor commission shall determine the  
 38 values of all classes of commercial, industrial, and residential land  
 39 (including farm homesites) in the township county using guidelines  
 40 determined by the state board of tax commissioners. Not later than  
 41 November 1 of the year preceding the year in which a general  
 42 reassessment becomes effective, the assessor commences. The



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1 **commission** determining the values of land shall submit the values, **all**  
 2 **data supporting the values, and all information required under**  
 3 **rules of the state board of tax commissioners relating to the**  
 4 **determination of land values** to the county property tax assessment  
 5 board of appeals. Not later than December 1 of the year preceding the  
 6 year in which a general reassessment ~~becomes effective;~~ **commences,**  
 7 the county property tax assessment board of appeals shall hold a public  
 8 hearing in the county concerning those values. The property tax  
 9 assessment board of appeals shall give notice of the hearing in  
 10 accordance with IC 5-3-1 and shall hold the hearing after March 31 and  
 11 before ~~December~~ **January** 1 of the year ~~preceding the year~~ in which  
 12 the general reassessment under IC 6-1.1-4-4 ~~becomes effective;~~  
 13 **commences.**

14 ~~(b)~~ **(f)** The county property tax assessment board of appeals shall  
 15 review the values, **data, and information** submitted under subsection  
 16 ~~(a)~~ **(e)** and may make any modifications it considers necessary to  
 17 provide uniformity and equality. The county property tax assessment  
 18 board of appeals shall coordinate the valuation of property adjacent to  
 19 the boundaries of the county with the county property tax assessment  
 20 boards of appeals of the adjacent counties using the procedures adopted  
 21 by rule under IC 4-22-2 by the state board of tax commissioners. If the  
 22 ~~county assessor or township assessor~~ **commission** fails to submit land  
 23 values under subsection ~~(a)~~ **(e)** to the county property tax assessment  
 24 board of appeals before ~~November~~ **January** 1 of the year ~~before the~~  
 25 ~~date~~ the general reassessment under IC 6-1.1-4-4 ~~becomes effective;~~  
 26 **commences,** the county property tax assessment board of appeals shall  
 27 determine the values. ~~If the county property tax assessment board of~~  
 28 ~~appeals fails to determine the values before the general reassessment~~  
 29 ~~becomes effective;~~ the state board of tax commissioners shall  
 30 determine the values.

31 **(g)** The county property tax assessment board of appeals shall  
 32 **give notice to the county and township assessors of its decision on**  
 33 **the values. The notice must be given before March 1 of the year the**  
 34 **general reassessment under IC 6-1.1-4-4 commences. Within**  
 35 **twenty (20) days after that notice, the county assessor or a**  
 36 **township assessor in the county may request that the county**  
 37 **property tax assessment board of appeals reconsider the values.**  
 38 **The county property tax assessment board of appeals shall hold a**  
 39 **hearing on the reconsideration in the county. The county property**  
 40 **tax assessment board of appeals shall give notice of the hearing**  
 41 **under IC 5-3-1.**

42 **(h)** A taxpayer may appeal the value determined under this



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1 section as applied to the taxpayer's land as part of an appeal filed  
 2 under IC 6-1.1-15-1. If a taxpayer that files an appeal under  
 3 IC 6-1.1-15 requests the values, data, or information received by  
 4 the county property tax assessment board of appeals under  
 5 subsection (e), the county property tax assessment board of appeals  
 6 shall satisfy the request. The state board of tax commissioners may  
 7 modify the taxpayer's land value and the value of any other land  
 8 in the township, county where the taxpayer's land is located, or the  
 9 adjacent county if the state board of tax commissioners determines  
 10 it is necessary to provide uniformity and equality.

11 ~~(c)~~ (i) The county assessor shall notify all township assessors in the  
 12 county of the values as ~~modified by the county property tax assessment~~  
 13 ~~board of appeals. determined by the commission and as modified by~~  
 14 ~~the county property tax assessment board of appeals or state board~~  
 15 ~~under this section.~~ Township assessors shall use the values determined  
 16 under this section.

17 SECTION 4. IC 6-1.1-4-28, AS AMENDED BY P.L.6-1997,  
 18 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JANUARY 1, 1999]: Sec. 28. (a) Money assigned to a property  
 20 reassessment fund under section 27 of this chapter may be used only to  
 21 pay the costs of:

- 22 (1) the general reassessment of real property, including the
- 23 computerization of assessment records;
- 24 (2) payments to county assessors, members of property tax
- 25 assessment boards of appeals, or assessing officials under
- 26 IC 6-1.1-35.2;
- 27 (3) the development or updating of detailed soil survey data by
- 28 the United States Department of Agriculture or its successor
- 29 agency;
- 30 (4) the updating of plat books; and
- 31 (5) payments for the salary of permanent staff or for the
- 32 contractual services of temporary staff who are necessary to assist
- 33 county assessors, members of a county property tax assessment
- 34 board of appeals, and assessing officials.

35 (b) All counties shall use modern, detailed soil maps in the general  
 36 reassessment of agricultural land.

37 (c) The county treasurer of each county shall, in accordance with  
 38 IC 5-13-9, invest any money accumulated in the property reassessment  
 39 fund until the money is needed to pay general reassessment expenses.  
 40 Any interest received from investment of the money shall be paid into  
 41 the property reassessment fund.

42 (d) An appropriation under this section ~~must~~ **may not** be approved



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1 by the fiscal body of the county ~~after the review and~~ **until after the**  
 2 **fiscal body considers the** recommendation of the county assessor.  
 3 However, in a county with an elected township assessor under  
 4 ~~IC 36-6-5-1~~ **IC 36-6-5-1** in every township, only the fiscal body must  
 5 approve an appropriation under this section. **A request for an**  
 6 **appropriation under this section must be submitted to the county**  
 7 **assessor at the same time the request is submitted to the fiscal**  
 8 **body.**

9 SECTION 5. IC 6-1.1-5.5-3, AS AMENDED BY P.L.6-1997,  
 10 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11 JANUARY 1, 1999]: Sec. 3. (a) Before filing a conveyance document  
 12 with the county auditor under IC 6-1.1-5-4, all the parties to the  
 13 conveyance must complete and sign a sales disclosure form as  
 14 prescribed by the state board of tax commissioners under section 5 of  
 15 this chapter. All the parties may sign one (1) form, or if all the parties  
 16 do not agree on the information to be included on the completed form,  
 17 each party may sign and file a separate form.

18 (b) Except as provided in subsection (c), the auditor shall forward  
 19 each sales disclosure form to the county assessor. The county assessor  
 20 shall forward the sales disclosure form to the state board of tax  
 21 commissioners and, **upon request**, to the appropriate township  
 22 assessor. The county assessor shall retain a copy of the sales disclosure  
 23 form for the purposes established in IC 6-1.1-4-13.6. ~~and shall forward~~  
 24 ~~a copy to the township assessors in the county.~~

25 (c) ~~In a county containing a consolidated city, the auditor shall~~  
 26 ~~forward the sales disclosure form to the appropriate township assessor.~~  
 27 ~~The township assessor shall forward the sales disclosure form to the~~  
 28 ~~state board of tax commissioners. The township assessor may retain a~~  
 29 ~~copy of the sales disclosure form for the purposes established in~~  
 30 ~~IC 6-1.1-4-13.6.~~

31 SECTION 6. IC 6-1.1-10-16, AS AMENDED BY P.L.6-1997,  
 32 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 JANUARY 1, 1999]: Sec. 16. (a) All or part of a building is exempt  
 34 from property taxation if it is owned, occupied, and used by a person  
 35 for educational, literary, scientific, religious, or charitable purposes.

36 (b) A building is exempt from property taxation if it is owned,  
 37 occupied, and used by a town, city, township, or county for educational,  
 38 literary, scientific, fraternal, or charitable purposes.

39 (c) A tract of land, including the campus and athletic grounds of an  
 40 educational institution, is exempt from property taxation if:

- 41 (1) a building which is exempt under subsection (a) or (b) is  
 42 situated on it; and



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- 1 (2) the tract does not exceed:  
 2 (A) fifty (50) acres in the case of:  
 3 (i) an educational institution; or  
 4 (ii) a tract that was exempt under this subsection on March  
 5 1, 1987; or  
 6 (B) fifteen (15) acres in all other cases.
- 7 (d) A tract of land is exempt from property taxation if:  
 8 (1) it is purchased for the purpose of erecting a building which is  
 9 to be owned, occupied, and used in such a manner that the  
 10 building will be exempt under subsection (a) or (b);  
 11 (2) the tract does not exceed:  
 12 (A) fifty (50) acres in the case of:  
 13 (i) an educational institution; or  
 14 (ii) a tract that was exempt under this subsection on March  
 15 1, 1987; or  
 16 (B) fifteen (15) acres in all other cases; and  
 17 (3) not more than three (3) years after the property is purchased,  
 18 and for each year after the three (3) year period, the owner  
 19 demonstrates substantial progress towards the erection of the  
 20 intended building and use of the tract for the exempt purpose. To  
 21 establish that substantial progress is being made, the owner must  
 22 prove the existence of factors such as the following:  
 23 (A) Organization of and activity by a building committee or  
 24 other oversight group.  
 25 (B) Completion and filing of building plans with the  
 26 appropriate local government authority.  
 27 (C) Cash reserves dedicated to the project of a sufficient  
 28 amount to lead a reasonable individual to believe the actual  
 29 construction can and will begin within three (3) years.  
 30 (D) The breaking of ground and the beginning of actual  
 31 construction.  
 32 (E) Any other factor that would lead a reasonable individual to  
 33 believe that construction of the building is an active plan and  
 34 that the building is capable of being completed within six (6)  
 35 years considering the circumstances of the owner.
- 36 (e) Personal property is exempt from property taxation if it is owned  
 37 and used in such a manner that it would be exempt under subsection (a)  
 38 or (b) if it were a building.
- 39 (f) A hospital's property which is exempt from property taxation  
 40 under subsection (a), (b), or (e) shall remain exempt from property  
 41 taxation even if the property is used in part to furnish goods or services  
 42 to another hospital whose property qualifies for exemption under this

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1 section.

2 (g) Property owned by a shared hospital services organization which  
 3 is exempt from federal income taxation under Section 501(c)(3) or  
 4 501(e) of the Internal Revenue Code is exempt from property taxation  
 5 if it is owned, occupied, and used exclusively to furnish goods or  
 6 services to a hospital whose property is exempt from property taxation  
 7 under subsection (a), (b), or (e).

8 (h) This section does not exempt from property tax an office or a  
 9 practice of a physician or group of physicians that is owned by a  
 10 hospital licensed under IC 16-21-1 or other property that is not  
 11 substantially related to or supportive of the inpatient facility of the  
 12 hospital unless the office, practice, or other property:

13 (1) provides or supports the provision of charity care (as defined  
 14 in IC 16-18-2-52.5), including providing funds or other financial  
 15 support for health care services for individuals who are indigent  
 16 (as defined in IC 16-18-2-52.5(b) and ~~IC 16-18-2-52.5(c)~~);  
 17 **IC 16-18-2-52.5(c)**); or

18 (2) provides or supports the provision of community benefits (as  
 19 defined in IC 16-21-9-1), including research, education, or  
 20 government sponsored indigent health care (as defined in  
 21 IC 16-21-9-2).

22 However, participation in the Medicaid or Medicare program alone  
 23 does not entitle an office, practice, or other property described in this  
 24 subsection to an exemption under this section.

25 (i) A tract of land or a tract of land plus all or part of a structure on  
 26 the land is exempt from property taxation if:

27 (1) the tract is acquired for the purpose of erecting, renovating, or  
 28 improving a single family residential structure that is to be given  
 29 away or sold:

30 (A) in a charitable manner;

31 (B) by a nonprofit organization; and

32 (C) to low income individuals who will:

33 (i) use the land as a family residence; and

34 (ii) not have an exemption for the land under this section;

35 (2) the tract does not exceed three (3) acres;

36 (3) the tract of land or the tract of land plus all or part of a  
 37 structure on the land is not used for profit while exempt under this  
 38 section; and

39 (4) not more than three (3) years after the property is acquired for  
 40 the purpose described in subdivision (1), and for each year after  
 41 the three (3) year period, the owner demonstrates substantial  
 42 progress towards the erection, renovation, or improvement of the

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1 intended structure. To establish that substantial progress is being  
 2 made, the owner must prove the existence of factors such as the  
 3 following:

4 (A) Organization of and activity by a building committee or  
 5 other oversight group.

6 (B) Completion and filing of building plans with the  
 7 appropriate local government authority.

8 (C) Cash reserves dedicated to the project of a sufficient  
 9 amount to lead a reasonable individual to believe the actual  
 10 construction can and will begin within six (6) years of the  
 11 initial exemption received under this subsection.

12 (D) The breaking of ground and the beginning of actual  
 13 construction.

14 (E) Any other factor that would lead a reasonable individual to  
 15 believe that construction of the structure is an active plan and  
 16 that the structure is capable of being:

17 (i) completed; and

18 (ii) transferred to a low income individual who does not  
 19 receive an exemption under this section;

20 within six (6) years considering the circumstances of the  
 21 owner.

22 (j) An exemption under subsection (i) terminates when the property  
 23 is conveyed by the nonprofit organization to another owner. When the  
 24 property is conveyed to another owner, the nonprofit organization  
 25 receiving the exemption must file a certified statement with the **auditor**  
 26 **assessor** of the county, notifying the **auditor assessor** of the change not  
 27 later than sixty (60) days after the date of the conveyance. **The county**  
 28 **assessor shall forward a copy of the certified statement to the**  
 29 **county auditor.** A nonprofit organization that fails to file the statement  
 30 required by this subsection is liable for the amount of property taxes  
 31 due on the property conveyed if it were not for the exemption allowed  
 32 under this chapter.

33 (k) If property is granted an exemption in any year under subsection  
 34 (i) and the owner:

35 (1) ceases to be eligible for the exemption under subsection (i)(4);

36 (2) fails to transfer the tangible property within six (6) years after  
 37 the assessment date for which the exemption is initially granted;  
 38 or

39 (3) transfers the tangible property to a person who:

40 (A) is not a low income individual; or

41 (B) does not use the transferred property as a residence for at  
 42 least one (1) year after the property is transferred;

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1 the person receiving the exemption shall notify the county recorder and  
 2 the county ~~auditor~~ **assessor** of the county in which the property is  
 3 located not later than sixty (60) days after the event described in  
 4 subdivision (1), (2), or (3) occurs. **The county assessor shall inform**  
 5 **the county auditor of a notification received under this subsection.**

6 (l) If subsection (k)(1), (k)(2), or (k)(3) applies, the owner shall pay,  
 7 not later than the date that the next installment of property taxes is due,  
 8 an amount equal to the sum of the following:

9 (1) The total property taxes that, if it were not for the exemption  
 10 under subsection (i), would have been levied on the property in  
 11 each year in which an exemption was allowed.

12 (2) Interest on the property taxes at the rate of ten percent (10%)  
 13 per year.

14 (m) The liability imposed by subsection (l) is a lien upon the  
 15 property receiving the exemption under subsection (i). An amount  
 16 collected under subsection (l) shall be collected as an excess levy. If  
 17 the amount is not paid, it shall be collected in the same manner that  
 18 delinquent taxes on real property are collected.

19 SECTION 7. IC 6-1.1-10-16.5 IS ADDED TO THE INDIANA  
 20 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 21 [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: **Sec. 16.5. (a)**  
 22 **A tract of real property owned by a nonprofit public benefit**  
 23 **corporation (as defined in IC 23-17-2-23) is exempt from property**  
 24 **taxation if all of the following apply:**

25 (1) **The tract is located:**

26 (A) **under a lake or reservoir; or**

27 (B) **adjacent to a lake or reservoir.**

28 (2) **The lake or reservoir under which or adjacent to which**  
 29 **the tract is located was formed by a dam or control structure**  
 30 **owned and operated by a public utility for the generation of**  
 31 **hydroelectric power.**

32 (3) **The public benefit corporation that owns the tract is**  
 33 **exempt from federal income taxation under Section 501(c)(3)**  
 34 **of the Internal Revenue Code and has maintained its tax**  
 35 **exempt status for the previous three (3) years.**

36 (4) **The public benefit corporation that owns the tract is**  
 37 **primarily engaged in active efforts to protect and enhance the**  
 38 **environment and water quality of the lake or reservoir under**  
 39 **which or adjacent to which the tract is located in order to**  
 40 **facilitate the public recreational use of the lake or reservoir.**

41 (b) **A tract of real property owned by a nonprofit public benefit**  
 42 **corporation described in subsection (a) is exempt from property**



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1 **taxation if the tract is used by the public benefit corporation in the**  
 2 **public benefit corporation's efforts to enhance the environment**  
 3 **and water quality of a lake or reservoir described in subsection (a).**

4 SECTION 8. IC 6-1.1-10-21 IS AMENDED TO READ AS  
 5 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 21. (a) The  
 6 following tangible property is exempt from property taxation if it is  
 7 owned by, or held in trust for the use of, a church or religious society:

- 8 (1) A building which is used for religious worship.
- 9 (2) Buildings that are used as parsonages.
- 10 (3) The pews and furniture contained within a building which is  
 11 used for religious worship.
- 12 (4) The tract of land, not exceeding fifteen (15) acres, upon which  
 13 a building described in this section is situated.

14 (b) To obtain an exemption for parsonages, a church or religious  
 15 society must provide the county ~~auditor~~ **assessor** with an affidavit at  
 16 the time the church or religious society applies for the exemptions. The  
 17 affidavit must state that:

- 18 (1) all parsonages are being used to house one (1) of the church's  
 19 or religious society's rabbis, priests, preachers, ministers, or  
 20 pastors; and
- 21 (2) none of the parsonages are being used to make a profit.

22 The affidavit shall be signed under oath by the church's or religious  
 23 society's head rabbi, priest, preacher, minister, or pastor. **The county**  
 24 **assessor shall forward a copy of the affidavit to the county auditor.**

25 SECTION 9. IC 6-1.1-10-25 IS AMENDED TO READ AS  
 26 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 25. (a) Subject to the  
 27 limitations contained in subsection (b), ~~of this section~~, tangible  
 28 property is exempt from property taxation if it is owned by any of the  
 29 following organizations:

- 30 (1) The Young Men's Christian Association.
- 31 (2) The Salvation Army, Inc.
- 32 (3) The Knights of Columbus.
- 33 (4) The Young Men's Hebrew Association.
- 34 (5) The Young Women's Christian Association.
- 35 (6) A chapter or post of Disabled American Veterans of World  
 36 War I or II.
- 37 (7) A chapter or post of the Veterans of Foreign Wars.
- 38 (8) A post of the American Legion.
- 39 (9) A post of the American War Veterans.
- 40 (10) A camp of United States Spanish War Veterans.
- 41 (11) The Boy Scouts of America, one (1) or more of its  
 42 incorporated local councils, or a bank or trust company in trust for



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1 the benefit of one (1) or more of its local councils.

2 (12) The Girl Scouts of the U.S.A., one (1) or more of its  
3 incorporated local councils, or a bank or trust company in trust for  
4 the benefit of one (1) or more of its local councils.

5 **(13) A nonprofit public radio station.**

6 **(14) A nonprofit public television station.**

7 **(15) Southern Indiana Higher Education, Inc.**

8 **(16) A 4-H organization.**

9 (b) This exemption does not apply unless the property is exclusively  
10 used, and in the case of real property actually occupied, for the  
11 purposes and objectives of the organization.

12 SECTION 10. IC 6-1.1-10-29, AS AMENDED BY P.L.46-1996,  
13 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
14 JULY 1, 1998]: Sec. 29. (a) As used in this section, "manufacturer" or  
15 "processor" means a person that performs an operation or continuous  
16 series of operations on raw materials, goods, or other personal property  
17 to alter the raw materials, goods, or other personal property into a new  
18 or changed state or form. The operation may be performed by hand,  
19 machinery, or a chemical process directed or controlled by an  
20 individual. The terms include a person that:

21 (1) dries or prepares grain for storage or delivery; or

22 (2) publishes books or other printed materials.

23 (b) Personal property owned by a manufacturer or processor is  
24 exempt from property taxation if the owner is able to show by adequate  
25 records that the property:

26 (1) is stored and remains in its original package in an in-state  
27 warehouse for the purpose of shipment, without further  
28 processing, to an out-of-state destination; or

29 (2) consists of books or other printed materials that are stored at  
30 an in-state commercial printer's facility for the purpose of  
31 shipment, without further processing, to an out-of-state  
32 destination.

33 (c) Personal property that is manufactured in Indiana and that would  
34 be exempt under subsection (b), except that it is not stored in its  
35 original package, is exempt from property taxation if the owner can  
36 establish in accordance with exempt inventory procedures, regulations,  
37 and rules of the state board of tax commissioners that:

38 (1) the property (†) is ready for shipment without additional  
39 manufacturing or processing, except for packaging; and

40 (2) **either:**

41 (A) **the property** will be damaged or have its value impaired  
42 if it is stored in its original package; **or**

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1           **(B) the final packaging of finished inventory items is not**  
 2           **practical until receipt of a final customer order because**  
 3           **fulfillment of the customer order requires the**  
 4           **accumulation of a number of distinct finished inventory**  
 5           **items into a single shipping package.**

6           SECTION 11. IC 6-1.1-10-42 IS ADDED TO THE INDIANA  
 7           CODE AS A NEW SECTION TO READ AS FOLLOWS  
 8           [EFFECTIVE JANUARY 1, 1999]: **Sec. 42. (a) A corporation that:**

9                   **(1) is nonprofit; and**  
 10                   **(2) participates in the small business incubator program**  
 11                   **under IC 4-4-18;**

12           **is exempt from property taxation to the extent of tangible property**  
 13           **used for small business incubation.**

14           **(b) A corporation that wishes to obtain an exemption from**  
 15           **property taxation under this section must file an exemption**  
 16           **application annually under IC 6-1.1-11.**

17           SECTION 12. IC 6-1.1-11-3, AS AMENDED BY P.L.6-1997,  
 18           SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19           JANUARY 1, 1999]: **Sec. 3. (a) The An** owner of tangible property  
 20           who wishes to obtain an exemption from property taxation **and a**  
 21           **nonprofit corporation seeking an exemption under IC 6-1.1-10-42**  
 22           shall **each** file a certified application in duplicate with the ~~auditor~~  
 23           **assessor** of the county in which the property **that is the subject of the**  
 24           **exemption** is located. The application must be filed annually on or  
 25           before May 15 on forms prescribed by the state board of tax  
 26           commissioners. **The county assessor shall forward a copy of the**  
 27           **certified application to the county auditor.** Except as provided in  
 28           sections 1, 3.5, and 4 of this chapter, the application applies only for  
 29           the taxes imposed for the year for which the application is filed.

30           **(b) The authority for signing an exemption application may not be**  
 31           **delegated by the owner of the property to any other person except by**  
 32           **an executed power of attorney.**

33           **(c) An exemption application which is required under this chapter**  
 34           **shall contain the following information:**

35                   (1) A description of the property claimed to be exempt in  
 36                   sufficient detail to afford identification.  
 37                   (2) A statement showing the ownership, possession, and use of  
 38                   the property.  
 39                   (3) The grounds for claiming the exemption.  
 40                   (4) The full name and address of the applicant.  
 41                   (5) Any additional information which the state board of tax  
 42                   commissioners may require.



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1 SECTION 13. IC 6-1.1-11-3.5 IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 3.5. (a) A  
 3 not-for-profit corporation, **except for a nonprofit corporation seeking**  
 4 **an exemption under IC 6-1.1-10-42**, that seeks an exemption  
 5 provided by IC 6-1.1-10 for 1988 or for a year that follows 1988 by a  
 6 multiple of four (4) years must file an application for the exemption in  
 7 that year. However, if a not-for-profit corporation seeks an exemption  
 8 provided by IC 6-1.1-10 for a year not specified in this subsection and  
 9 the corporation did not receive the exemption for the preceding year,  
 10 the corporation must file an application for the exemption in the year  
 11 for which the exemption is sought. The not-for-profit corporation must  
 12 file each exemption application in the manner (other than the  
 13 requirement for filing annually) prescribed in section 3 of this chapter.

14 (b) A not-for-profit corporation that receives an exemption provided  
 15 under IC 6-1.1-10 for a particular year that remains eligible for the  
 16 exemption for the following year is only required to file a statement to  
 17 apply for the exemption in the years specified in subsection (a), if the  
 18 use of the not-for-profit corporation's property remains unchanged.

19 (c) A not-for-profit corporation that receives an exemption provided  
 20 under IC 6-1.1-10 for a particular year which becomes ineligible for the  
 21 exemption for the following year shall notify the **auditor assessor** of the  
 22 county in which the tangible property for which it claims the exemption  
 23 is located of its ineligibility on or before May 15 of the year for which  
 24 it becomes ineligible. **The county assessor shall notify the county**  
 25 **auditor of the not-for-profit corporation's ineligibility for the**  
 26 **exemption.**

27 (d) For each year that is not a year specified in subsection (a), the  
 28 auditor of each county shall apply an exemption provided under  
 29 IC 6-1.1-10 to the tangible property owned by a not-for-profit  
 30 corporation that received the exemption in the preceding year unless  
 31 the **auditor county property tax assessment board of appeals**  
 32 determines that the not-for-profit corporation is no longer eligible for  
 33 the exemption.

34 (e) The state board of tax commissioners may at any time review an  
 35 exemption provided under this section and determine whether or not  
 36 the not-for-profit corporation is eligible for the exemption.

37 SECTION 14. IC 6-1.1-11-10 IS AMENDED TO READ AS  
 38 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 10. Each county  
 39 **auditor assessor** shall, on behalf of the county, collect a fee of two  
 40 dollars (\$2) for each exemption application filed with him under this  
 41 chapter. Each fee shall be accounted for and paid into the county  
 42 general fund at the close of each month in the same manner as are other



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1 fees due the county. No other fee may be charged by a county ~~auditor,~~  
 2 **assessor**, or his employees, for filing or preparing an exemption  
 3 application.

4 SECTION 15. IC 6-1.1-12-18, AS AMENDED BY P.L.6-1997,  
 5 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 MARCH 1, 2001]: Sec. 18. (a) If the assessed value of residential real  
 7 property described in subsection (d) of this section is increased because  
 8 it has been rehabilitated, the owner may have deducted from the  
 9 assessed value of the property an amount not to exceed the lesser of:

10 (1) the total increase in assessed value resulting from the  
 11 rehabilitation; or

12 (2) nine thousand dollars (\$9,000) per rehabilitated dwelling unit.

13 The owner is entitled to this deduction annually for a five (5) year  
 14 period.

15 (b) For purposes of this section, the term "rehabilitation" means  
 16 **significant** repairs, replacements, or improvements **to an existing**  
 17 **structure** which are intended to increase the livability, utility, safety,  
 18 or value of the property ~~and which do not increase the total amount of~~  
 19 ~~floor space devoted to residential purposes unless the increase in floor~~  
 20 ~~space is required in order to make the building comply with a local~~  
 21 ~~housing code or zoning ordinance: under rules adopted by the state~~  
 22 **board of tax commissioners.**

23 (c) For the purposes of this section, the term "owner" or "property  
 24 owner" includes any person who has the legal obligation, or has  
 25 otherwise assumed the obligation, to pay the real property taxes on the  
 26 rehabilitated property.

27 (d) The deduction provided by this section applies only for the  
 28 rehabilitation of residential real property which is located within this  
 29 state and which is described in one (1) of the following classifications:

30 (1) a single family dwelling if before rehabilitation the assessed  
 31 value (excluding any exemptions or deductions) of the  
 32 improvements does not exceed eighteen thousand dollars  
 33 (\$18,000);

34 (2) a two (2) family dwelling if before rehabilitation the assessed  
 35 value (excluding exemptions or deductions) of the improvements  
 36 does not exceed twenty-four thousand dollars (\$24,000); and

37 (3) a dwelling with more than two (2) family units if before  
 38 rehabilitation the assessed value (excluding any exemptions or  
 39 deductions) of the improvements does not exceed nine thousand  
 40 dollars (\$9,000) per dwelling unit.

41 SECTION 16. IC 6-1.1-12-19 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 19. The deduction

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1 from assessed value provided by section 18 of this chapter is first  
 2 available in the year in which the increase in assessed value resulting  
 3 from the rehabilitation occurs and shall continue for the following four  
 4 (4) years. **However, the deduction is reduced to be the following:**

5 **(1) Eighty percent (80%) of the original deduction for the**  
 6 **second year.**

7 **(2) Sixty percent (60%) of the original deduction for the third**  
 8 **year.**

9 **(3) Forty percent (40%) of the original deduction for the**  
 10 **fourth year.**

11 **(4) Twenty percent (20%) of the original deduction for the**  
 12 **fifth year.**

13 In the sixth (~~6th~~) year, the county auditor shall add the amount of the  
 14 **original** deduction to the assessed value of the real property. A general  
 15 reassessment of real property which occurs within the five (5) year  
 16 period of the deduction does not affect the amount of the deduction.

17 SECTION 17. IC 6-1.1-12-22, AS AMENDED BY P.L.6-1997,  
 18 SECTION 54, AND P.L.54-1997, SECTION 1, IS CORRECTED AND  
 19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1,  
 20 2001]: Sec. 22. (a) If the assessed value of property is increased  
 21 because it has been rehabilitated *and the owner has paid at least ten*  
 22 *thousand dollars (\$10,000) for the rehabilitation*, the owner is entitled  
 23 to have deducted from the assessed value of the property an amount  
 24 equal to ~~fifty percent (50%)~~ **eighty percent (80%)** of the increase in  
 25 assessed value resulting from the rehabilitation. The owner is entitled  
 26 to this deduction annually for a five (5) year period **in the amount**  
 27 **specified in subsection (b)**. However, the maximum deduction which  
 28 a property owner may receive under this section for a particular year is:

29 (1) ~~twenty fifteen~~ thousand dollars (~~\$20,000~~) (~~\$15,000~~) for a  
 30 single family dwelling unit; or

31 (2) ~~one hundred seventy-five~~ thousand dollars (~~\$100,000~~)  
 32 (~~\$75,000~~) for any other type of property.

33 **(b) The deduction under subsection (a) is as follows:**

34 **(1) Eighty percent (80%) of the original deduction for the**  
 35 **second year.**

36 **(2) Sixty percent (60%) of the original deduction for the third**  
 37 **year.**

38 **(3) Forty percent (40%) of the original deduction for the**  
 39 **fourth year.**

40 **(4) Twenty percent (20%) of the original deduction for the**  
 41 **fifth year.**

42 ~~(b)~~ (c) For purposes of this section, the term "property" means a

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1 building or structure which was erected at least *fifty (50) ~~ten (10)~~* years  
 2 before the date of application for the deduction provided by this  
 3 section. The term "property" does not include land.

4 ~~(c)~~ **(d)** For purposes of this section the term "rehabilitation" means  
 5 the remodeling, repair, or betterment of property in any manner or any  
 6 enlargement or extension of property. However, The enlargement or  
 7 extension of the enclosed floor area of property shall, for computation  
 8 of the deduction, be limited within a five (5) year period to a total  
 9 additional enclosed floor area equal to the size of the enclosed floor  
 10 area of the property on the date of completion of the first extension or  
 11 enlargement completed after March 1, 1973: **significant repairs,**  
 12 **replacements, or improvements to an existing structure that are**  
 13 **intended to increase the livability, utility, safety, or value of the**  
 14 **property under rules adopted by the state board of tax**  
 15 **commissioners.**

16 SECTION 18. IC 6-1.1-12.1-1, AS AMENDED BY P.L.1-1996,  
 17 SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JANUARY 1, 1999]: Sec. 1. For purposes of this chapter:

19 (1) "Economic revitalization area" means an area which is within  
 20 the corporate limits of a city, town, or county which has become  
 21 undesirable for, or impossible of, normal development and  
 22 occupancy because of a lack of development, cessation of growth,  
 23 deterioration of improvements or character of occupancy, age,  
 24 obsolescence, substandard buildings, or other factors which have  
 25 impaired values or prevent a normal development of property or  
 26 use of property. The term "economic revitalization area" also  
 27 includes:

28 (A) any area where a facility or a group of facilities that are  
 29 technologically, economically, or energy obsolete are located  
 30 and where the obsolescence may lead to a decline in  
 31 employment and tax revenues; and

32 (B) a residentially distressed area, except as otherwise  
 33 provided in this chapter.

34 (2) "City" means any city in this state, and "town" means any town  
 35 incorporated under IC 36-5-1.

36 (3) "New manufacturing equipment" means any tangible personal  
 37 property which:

38 (A) was installed after February 28, 1983, and before January  
 39 1, 2006, in an area that is declared an economic revitalization  
 40 area after February 28, 1983, in which a deduction for tangible  
 41 personal property is allowed; ~~or~~

42 (B) is used in the direct production, manufacture, fabrication,



1 assembly, extraction, mining, processing, refining, or finishing  
 2 of other tangible personal property, including but not limited  
 3 to use to dispose of solid waste or hazardous waste by  
 4 converting the solid waste or hazardous waste into energy or  
 5 other useful products; and

6 (C) was acquired by its owner for use as described in clause  
 7 (B) and was never before used by its owner for any purpose in  
 8 Indiana.

9 However, notwithstanding any other law, the term includes  
 10 tangible personal property that is used to dispose of solid waste or  
 11 hazardous waste by converting the solid waste or hazardous waste  
 12 into energy or other useful products and was installed after March  
 13 1, 1993, and before March 2, 1996, even if the property was  
 14 installed before the area where the property is located was  
 15 designated as an economic revitalization area or the statement of  
 16 benefits for the property was approved by the designating body.

17 (4) "Property" means a building or structure, but does not include  
 18 land.

19 (5) "Redevelopment" means the construction of new structures in  
 20 economic revitalization areas, either:

21 (A) on unimproved real estate; or

22 (B) on real estate upon which a prior existing structure is  
 23 demolished to allow for a new construction.

24 (6) "Rehabilitation" means the remodeling, repair, or betterment  
 25 of property in any manner or any enlargement or extension of  
 26 property.

27 (7) "Designating body" means the following:

28 (A) For a county that does not contain a consolidated city, the  
 29 fiscal body of the county, city, or town.

30 (B) For a county containing a consolidated city, the  
 31 metropolitan development commission.

32 (8) "Deduction application" means ~~either:~~

33 ~~(A) the application filed in accordance with section 5 of this~~  
 34 ~~chapter by a property owner who desires to obtain the~~  
 35 ~~deduction provided by section 3 of this chapter. or~~

36 ~~(B) the application filed in accordance with section 5.5 of this~~  
 37 ~~chapter by a person who desires to obtain the deduction~~  
 38 ~~provided by section 4.5 of this chapter.~~

39 (9) "Designation application" means an application that is filed  
 40 with a designating body to assist that body in making a  
 41 determination about whether a particular area should be  
 42 designated as an economic revitalization area.



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- 1 (10) "Hazardous waste" has the meaning set forth in
- 2 IC 13-11-2-99(a). The term includes waste determined to be a
- 3 hazardous waste under IC 13-22-2-3(b).
- 4 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
- 5 However, the term does not include dead animals or any animal
- 6 solid or semisolid wastes.
- 7 (12) "New research and development equipment" means
- 8 **tangible personal property that:**
- 9 (A) is installed after June 30, 1998, and before January 1,
- 10 2006, in an economic revitalization area in which a
- 11 deduction for tangible personal property is allowed;
- 12 (B) consists of:
- 13 (i) laboratory equipment;
- 14 (ii) research and development equipment;
- 15 (iii) computers and computer software;
- 16 (iv) telecommunications equipment; or
- 17 (v) testing equipment;
- 18 (C) is used in a research and development facility that is a
- 19 separate facility engaged in activities devoted directly and
- 20 exclusively to experimental or laboratory research and
- 21 development for new products, new uses of existing
- 22 products, or improving or testing existing products; and
- 23 (D) is acquired by the property owner for the purposes
- 24 described in this subdivision and was never before used by
- 25 the owner for any purpose in Indiana.
- 26 **The term does not include equipment installed in facilities**
- 27 **used for or in connection with efficiency surveys, management**
- 28 **studies, consumer surveys, economic surveys, advertising or**
- 29 **promotion, or research in connection with literacy, history, or**
- 30 **similar projects.**
- 31 (13) "Schedule" means the schedule filed in accordance with
- 32 section 5.5 of this chapter by a person who desires to obtain
- 33 the deduction provided by section 4.5 of this chapter.
- 34 SECTION 19. IC 6-1.1-12.1-2, AS AMENDED BY
- 35 P.L.255-1997(ss), SECTION 5, IS AMENDED TO READ AS
- 36 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 2. (a) A
- 37 designating body may find that a particular area within its jurisdiction
- 38 is an economic revitalization area. However, the deduction provided by
- 39 this chapter for economic revitalization areas not within a city or town
- 40 shall not be available to retail businesses.
- 41 (b) In a county containing a consolidated city or within a city or
- 42 town, a designating body may find that a particular area within its

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1 jurisdiction is a residentially distressed area. Designation of an area as  
 2 a residentially distressed area has the same effect as designating an  
 3 area as an economic revitalization area, except that the amount of the  
 4 deduction shall be calculated as specified in section 4.1 of this chapter  
 5 and the deduction is allowed for **not more than** five (5) years. In order  
 6 to declare a particular area a residentially distressed area, the  
 7 designating body must follow the same procedure that is required to  
 8 designate an area as an economic revitalization area and must make all  
 9 the following additional findings or all the additional findings  
 10 described in subsection (c):

11 (1) The area is comprised of parcels that are either unimproved or  
 12 contain only one (1) or two (2) family dwellings or multifamily  
 13 dwellings designed for up to four (4) families, including accessory  
 14 buildings for those dwellings.

15 (2) Any dwellings in the area are not permanently occupied and  
 16 are:

17 (A) the subject of an order issued under IC 36-7-9; or

18 (B) evidencing significant building deficiencies.

19 (3) Parcels of property in the area:

20 (A) have been sold and not redeemed under IC 6-1.1-24 and  
 21 IC 6-1.1-25; or

22 (B) are owned by a unit of local government.

23 However, in a city in a county having a population of more than two  
 24 hundred thousand (200,000) but less than three hundred thousand  
 25 (300,000), the designating body is only required to make one (1) of the  
 26 additional findings described in this subsection or one (1) of the  
 27 additional findings described in subsection (c).

28 (c) In a county containing a consolidated city or within a city or  
 29 town, a designating body that wishes to designate a particular area a  
 30 residentially distressed area may make the following additional  
 31 findings as an alternative to the additional findings described in  
 32 subsection (b):

33 (1) A significant number of dwelling units within the area are not  
 34 permanently occupied or a significant number of parcels in the  
 35 area are vacant land.

36 (2) A significant number of dwelling units within the area are:

37 (A) the subject of an order issued under IC 36-7-9; or

38 (B) evidencing significant building deficiencies.

39 (3) The area has experienced a net loss in the number of dwelling  
 40 units, as documented by census information, local building and  
 41 demolition permits, or certificates of occupancy, or the area is  
 42 owned by Indiana or the United States.



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1 (4) The area (plus any areas previously designated under this  
2 subsection) will not exceed ten percent (10%) of the total area  
3 within the designating body's jurisdiction.

4 However, in a city in a county having a population of more than two  
5 hundred thousand (200,000) but less than three hundred thousand  
6 (300,000), the designating body is only required to make one (1) of the  
7 additional findings described in this subsection as an alternative to one  
8 (1) of the additional findings described in subsection (b).

9 (d) A designating body is required to attach the following conditions  
10 to the grant of a residentially distressed area designation:

11 (1) The deduction will not be allowed unless the dwelling is  
12 rehabilitated to meet local code standards for habitability.

13 (2) If a designation application is filed, the designating body may  
14 require that the redevelopment or rehabilitation be completed  
15 within a reasonable period of time.

16 (e) To make a designation described in subsection (a) or (b), the  
17 designating body shall use procedures prescribed in section 2.5 of this  
18 chapter.

19 (f) The property tax deductions provided by sections 3 and 4.5 of  
20 this chapter are only available for property and **for new manufacturing  
21 equipment or new research and development equipment, or both  
22 new manufacturing equipment and new research and development  
23 equipment**, respectively, within an area which the designating body  
24 finds to be an economic revitalization area.

25 (g) The designating body may adopt a resolution establishing  
26 general standards to be used, along with the requirements set forth in  
27 the definition of economic revitalization area, by the designating body  
28 in finding an area to be an economic revitalization area. The standards  
29 must have a reasonable relationship to the development objectives of  
30 the area in which the designating body has jurisdiction. The following  
31 three (3) sets of standards may be established:

32 (1) One (1) relative to the deduction under section 3 of this  
33 chapter for economic revitalization areas that are not residentially  
34 distressed areas.

35 (2) One (1) relative to the deduction under section 3 of this  
36 chapter for residentially distressed areas.

37 (3) One (1) relative to the deduction allowed under section 4.5 of  
38 this chapter.

39 (h) A designating body may impose a fee for filing a designation  
40 application for a person requesting the designation of a particular area  
41 as an economic revitalization area. The fee may be sufficient to defray  
42 actual processing and administrative costs. However, the fee charged



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1 for filing a designation application for a parcel that contains one (1) or  
 2 more owner-occupied, single-family dwellings may not exceed the cost  
 3 of publishing the required notice.

4 (i) In declaring an area an economic revitalization area, the  
 5 designating body may:

6 (1) limit the time period to a certain number of calendar years  
 7 during which the area shall be so designated;

8 (2) limit the type of deductions that will be allowed within the  
 9 economic revitalization area to either the deduction allowed under  
 10 section 3 of this chapter or the deduction allowed under section  
 11 4.5 of this chapter;

12 (3) limit the dollar amount of the deduction that will be allowed  
 13 with respect to new manufacturing equipment **and new research**  
 14 **and development equipment** if a deduction under this chapter  
 15 had not been filed before July 1, 1987, for that equipment;

16 (4) limit the dollar amount of the deduction that will be allowed  
 17 with respect to redevelopment and rehabilitation occurring in  
 18 areas that are designated as economic revitalization areas on or  
 19 after September 1, 1988; or

20 (5) impose reasonable conditions related to the purpose of this  
 21 chapter or to the general standards adopted under subsection (g)  
 22 for allowing the deduction for the redevelopment or rehabilitation  
 23 of the property or the installation of the new manufacturing  
 24 equipment **or new research and development equipment, or**  
 25 **both.**

26 To exercise one (1) or more of these powers a designating body must  
 27 include this fact in the resolution passed under section 2.5 of this  
 28 chapter.

29 (j) Notwithstanding any other provision of this chapter, if a  
 30 designating body limits the time period during which an area is an  
 31 economic revitalization area, that limitation does not:

32 (1) prevent a taxpayer from obtaining a deduction for new  
 33 manufacturing equipment **or new research and development**  
 34 **equipment, or both,** installed before January 1, 2006, but after  
 35 the expiration of the economic revitalization area if:

36 (A) the economic revitalization area designation expires after  
 37 December 30, 1995; and

38 (B) the new manufacturing equipment **or new research and**  
 39 **development equipment, or both,** was described in a  
 40 statement of benefits submitted to and approved by the  
 41 designating body in accordance with section 4.5 of this chapter  
 42 before the expiration of the economic revitalization area

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- 1 designation; or
- 2 (2) limit the length of time a taxpayer is entitled to receive a
- 3 deduction to a number of years that is less than the number of
- 4 years designated under section 4 or 4.5 of this chapter.
- 5 (k) Notwithstanding any other provision of this chapter, deductions:
- 6 (1) that are authorized under section 3 of this chapter for property
- 7 in an area designated as an urban development area before March
- 8 1, 1983, and that are based on an increase in assessed valuation
- 9 resulting from redevelopment or rehabilitation that occurs before
- 10 March 1, 1983; or
- 11 (2) that are authorized under section 4.5 of this chapter for new
- 12 manufacturing equipment installed in an area designated as an
- 13 urban development area before March 1, 1983;
- 14 apply according to the provisions of this chapter as they existed at the
- 15 time that an application for the deduction was first made. No deduction
- 16 that is based on the location of property or new manufacturing
- 17 equipment in an urban development area is authorized under this
- 18 chapter after February 28, 1983, unless the initial increase in assessed
- 19 value resulting from the redevelopment or rehabilitation of the property
- 20 or the installation of the new manufacturing equipment occurred before
- 21 March 1, 1983.
- 22 (l) If property located in an economic revitalization area is also
- 23 located in an allocation area (as defined in IC 36-7-14-39 or
- 24 IC 36-7-15.1-26), an application for the property tax deduction
- 25 provided by this chapter may not be approved unless the commission
- 26 that designated the allocation area adopts a resolution approving the
- 27 application.
- 28 SECTION 20. IC 6-1.1-12.1-2.5, AS AMENDED BY P.L.25-1995,
- 29 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 30 JANUARY 1, 1999]: Sec. 2.5. (a) If a designating body finds that an
- 31 area in its jurisdiction is an economic revitalization area, it shall either:
- 32 (1) prepare maps and plats that identify the area; or
- 33 (2) prepare a simplified description of the boundaries of the area
- 34 by describing its location in relation to public ways, streams, or
- 35 otherwise.
- 36 (b) After the compilation of the materials described in subsection
- 37 (a), the designating body shall pass a resolution declaring the area an
- 38 economic revitalization area. The resolution must contain a description
- 39 of the affected area and be filed with the county assessor. **The A**
- 40 **resolution adopted after June 30, 1998,** may include a determination
- 41 of **whether the number of years** a deduction under section 3 of this
- 42 chapter is allowed. **for three (3); six (6); or ten (10) years.** In addition,

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1 if the resolution is adopted after ~~April 30, 1991~~, **June 30, 1998**, the  
 2 resolution may include a determination of ~~whether the number of~~  
 3 **years** a deduction under section 4.5 of this chapter is allowed. ~~for five~~  
 4 ~~(5) or ten (10) years.~~

5 (c) After approval of a resolution under subsection (b), the  
 6 designating body shall do the following:

7 (1) Publish notice of the adoption and substance of the resolution  
 8 in accordance with IC 5-3-1.

9 (2) File the following information with each taxing unit that has  
 10 authority to levy property taxes in the geographic area where the  
 11 economic revitalization area is located:

12 (A) A copy of the notice required by subdivision (1).

13 (B) A statement containing substantially the same information  
 14 as a statement of benefits filed with the designating body  
 15 before the hearing required by this section under sections 3  
 16 and 4.5 of this chapter.

17 The notice must state that a description of the affected area is available  
 18 and can be inspected in the county assessor's office. The notice must  
 19 also name a date when the designating body will receive and hear all  
 20 remonstrances and objections from interested persons. The designating  
 21 body shall file the information required by subdivision (2) with the  
 22 officers of the taxing unit who are authorized to fix budgets, tax rates,  
 23 and tax levies under IC 6-1.1-17-5 at least ten (10) days before the date  
 24 of the public hearing. After considering the evidence, the designating  
 25 body shall take final action determining whether the qualifications for  
 26 an economic revitalization area have been met and confirming,  
 27 modifying and confirming, or rescinding the resolution. This  
 28 determination is final except that an appeal may be taken and heard as  
 29 provided under subsections (d) and (e).

30 (d) A person who filed a written remonstrance with the designating  
 31 body under this section and who is aggrieved by the final action taken  
 32 may, within ten (10) days after that final action, initiate an appeal of  
 33 that action by filing in the office of the clerk of the circuit or superior  
 34 court a copy of the order of the designating body and his remonstrance  
 35 against that order, together with his bond conditioned to pay the costs  
 36 of his appeal if the appeal is determined against him. The only ground  
 37 of appeal that the court may hear is whether the proposed project will  
 38 meet the qualifications of the economic revitalization area law. The  
 39 burden of proof is on the appellant.

40 (e) An appeal under this section shall be promptly heard by the  
 41 court without a jury. All remonstrances upon which an appeal has been  
 42 taken shall be consolidated and heard and determined within thirty (30)

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1 days after the time of the filing of the appeal. The court shall hear  
2 evidence on the appeal, and may confirm the final action of the  
3 designating body or sustain the appeal. The judgment of the court is  
4 final and conclusive, unless an appeal is taken as in other civil actions.

5 SECTION 21. IC 6-1.1-12.1-3, AS AMENDED BY P.L.25-1995,  
6 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
7 JANUARY 1, 1999]: Sec. 3. (a) An applicant must provide a statement  
8 of benefits to the designating body. If the designating body requires  
9 information from the applicant for economic revitalization area status  
10 for use in making its decision about whether to designate an economic  
11 revitalization area, the applicant shall provide the completed statement  
12 of benefits form to the designating body before the hearing required by  
13 section 2.5(c) of this chapter. Otherwise, the statement of benefits form  
14 must be submitted to the designating body before the initiation of the  
15 redevelopment or rehabilitation for which the person desires to claim  
16 a deduction under this chapter. The state board of tax commissioners  
17 shall prescribe a form for the statement of benefits. The statement of  
18 benefits must include the following information:

- 19 (1) A description of the proposed redevelopment or rehabilitation.
- 20 (2) An estimate of the number of individuals who will be  
21 employed or whose employment will be retained by the person as  
22 a result of the redevelopment or rehabilitation and an estimate of  
23 the annual salaries of these individuals.
- 24 (3) An estimate of the value of the redevelopment or  
25 rehabilitation.

26 With the approval of the state board of tax commissioners, the  
27 statement of benefits may be incorporated in a designation application.  
28 Notwithstanding any other law, a statement of benefits is a public  
29 record that may be inspected and copied under IC 5-14-3-3.

30 (b) The designating body must review the statement of benefits  
31 required under subsection (a). The designating body shall determine  
32 whether an area should be designated an economic revitalization area  
33 or whether a deduction should be allowed, based on (and after it has  
34 made) the following findings:

- 35 (1) Whether the estimate of the value of the redevelopment or  
36 rehabilitation is reasonable for projects of that nature.
- 37 (2) Whether the estimate of the number of individuals who will be  
38 employed or whose employment will be retained can be  
39 reasonably expected to result from the proposed described  
40 redevelopment or rehabilitation.
- 41 (3) Whether the estimate of the annual salaries of those  
42 individuals who will be employed or whose employment will be

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1 retained can be reasonably expected to result from the proposed  
2 described redevelopment or rehabilitation.

3 (4) Whether any other benefits about which information was  
4 requested are benefits that can be reasonably expected to result  
5 from the proposed described redevelopment or rehabilitation.

6 (5) Whether the totality of benefits is sufficient to justify the  
7 deduction.

8 A designating body may not designate an area an economic  
9 revitalization area or approve a deduction unless the findings required  
10 by this subsection are made in the affirmative.

11 (c) Except as provided in subsections (a) through (b), the owner of  
12 property which is located in an economic revitalization area is entitled  
13 to a deduction from the assessed value of the property. If the area is a  
14 residentially distressed area **designated before July 1, 1998**, the period  
15 is five (5) years. For all other economic revitalization areas **designated**  
16 **before July 1, 1998**, the period is three (3), six (6), or ten (10) years.  
17 **as determined under subsection (d): For all economic revitalization**  
18 **areas designated after June 30, 1998, the period is the number of**  
19 **years determined under subsection (d).** The owner is entitled to a  
20 deduction if:

21 (1) the property has been rehabilitated; or

22 (2) the property is located on real estate which has been  
23 redeveloped.

24 The owner is entitled to the deduction for the first year, and any  
25 successive year or years, in which an increase in assessed value  
26 resulting from the rehabilitation or redevelopment occurs and for the  
27 **two (2), four (4), five (5), or nine (9) years immediately following each**  
28 **such year or years whichever is applicable: determined under**  
29 **subsection (d).** However, property owners who had an area designated  
30 an urban development area pursuant to an application filed prior to  
31 January 1, 1979, are only entitled to a deduction for a five (5) year  
32 period. In addition, property owners who are entitled to a deduction  
33 under this chapter pursuant to an application filed after December 31,  
34 1978, and before January 1, 1986, are entitled to a deduction for a ten  
35 (10) year period.

36 (d) ~~For economic revitalization areas that are not residentially~~  
37 ~~distressed areas;~~ **For an area designated as an economic**  
38 **revitalization area after June 30, 1998**, the designating body shall  
39 determine ~~whether the number of years for which~~ the property owner  
40 is entitled to a deduction. ~~for three (3) years; six (6) years; or ten (10)~~  
41 ~~years.~~ **However, the deduction may not be allowed for more than**  
42 **ten (10) years.** This determination shall be made:



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- 1 (1) as part of the resolution adopted under section 2.5 of this  
 2 chapter; or  
 3 (2) by resolution adopted within sixty (60) days after receiving a  
 4 copy of a property owner's certified deduction application from  
 5 the county auditor. A certified copy of the resolution shall be sent  
 6 to the county auditor who shall make the deduction as provided  
 7 in section 5 of this chapter.
- 8 A determination about ~~whether~~ the **number of years the** deduction is  
 9 **three (3), six (6), or ten (10) years allowed** that is made under  
 10 subdivision (1) is final and may not be changed by following the  
 11 procedure under subdivision (2).
- 12 (e) Except for deductions related to redevelopment or rehabilitation  
 13 of real property in a county containing a consolidated city or a  
 14 deduction related to redevelopment or rehabilitation of real property  
 15 initiated before December 31, 1987, in areas designated as economic  
 16 revitalization areas before that date, a deduction for the redevelopment  
 17 or rehabilitation of real property may not be approved for the following  
 18 facilities:
- 19 (1) Private or commercial golf course.
  - 20 (2) Country club.
  - 21 (3) Massage parlor.
  - 22 (4) Tennis club.
  - 23 (5) Skating facility (including roller skating, skateboarding, or ice  
 24 skating).
  - 25 (6) Racquet sport facility (including any handball or racquetball  
 26 court).
  - 27 (7) Hot tub facility.
  - 28 (8) Suntan facility.
  - 29 (9) Racetrack.
  - 30 (10) Any facility the primary purpose of which is:
    - 31 (A) retail food and beverage service;
    - 32 (B) automobile sales or service; or
    - 33 (C) other retail;
 unless the facility is located in an economic development target  
 34 area established under section 7 of this chapter.
  - 35 (11) Residential, unless:
    - 36 (A) the facility is a multifamily facility that contains at least  
 37 twenty percent (20%) of the units available for use by low and  
 38 moderate income individuals;
    - 39 (B) the facility is located in an economic development target  
 40 area established under section 7 of this chapter; or
    - 41 (C) the area is designated as a residentially distressed area.  
 42



1 (12) A package liquor store that holds a liquor dealer's permit  
2 under IC 7.1-3-10 or any other entity that is required to operate  
3 under a license issued under IC 7.1. However, this subdivision  
4 does not apply to an applicant that:

5 (A) was eligible for tax abatement under this chapter before  
6 July 1, 1995; or

7 (B) is described in IC 7.1-5-7-11.

8 SECTION 22. IC 6-1.1-12.1-4 IS AMENDED TO READ AS  
9 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 4. (a) Except as  
10 provided in section 2(i)(4) of this chapter, the amount of the deduction  
11 which the property owner is entitled to receive under section 3 of this  
12 chapter for a particular year equals the product of:

13 (1) the increase in the assessed value resulting from the  
14 rehabilitation or redevelopment; multiplied by

15 (2) the percentage prescribed in the table set forth in subsection  
16 (d).

17 (b) The amount of the deduction determined under subsection (a)  
18 shall be adjusted in accordance with this subsection in the following  
19 circumstances:

20 (1) If a general reassessment of real property occurs within the  
21 particular period of the deduction, the amount determined under  
22 subsection (a)(1) shall be adjusted to reflect the percentage  
23 increase or decrease in assessed valuation that resulted from the  
24 general reassessment.

25 (2) If an appeal of an assessment is approved that results in a  
26 reduction of the assessed value of the redeveloped or rehabilitated  
27 property, the amount of any deduction shall be adjusted to reflect  
28 the percentage decrease that resulted from the appeal.

29 The state board of tax commissioners shall adopt rules under IC 4-22-2  
30 to implement this subsection.

31 (c) Property owners who had an area designated an urban  
32 development area pursuant to an application filed prior to January 1,  
33 1979, are only entitled to the deduction for the first through the fifth  
34 years as provided in subsection ~~(d)(3)~~: **(d)(10)**. In addition, property  
35 owners who are entitled to a deduction under this chapter pursuant to  
36 an application filed after December 31, 1978, and before January 1,  
37 1986, are entitled to a deduction for the first through the tenth years, as  
38 provided in subsection ~~(d)(3)~~: **(d)(10)**.

39 (d) The percentage to be used in calculating the deduction under  
40 subsection (a) is as follows:

41 (1) **For deductions allowed over a one (1) year period:**

42 **YEAR OF DEDUCTION PERCENTAGE**



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1	1st	100%
2	<b>(2) For deductions allowed over a two (2) year period:</b>	
3	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
4	1st	100%
5	2nd	50%
6	<b>(3) For deductions allowed over a three (3) year period:</b>	
7	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
8	1st	100%
9	2nd	66%
10	3rd	33%
11	<b>(4) For deductions allowed over a four (4) year period:</b>	
12	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
13	1st	100%
14	2nd	75%
15	3rd	50%
16	4th	25%
17	<b>(5) For deductions allowed over a five (5) year period:</b>	
18	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
19	1st	100%
20	2nd	80%
21	3rd	60%
22	4th	40%
23	5th	20%
24	<b>(<del>2</del>) (6) For deductions allowed over a six (6) year period:</b>	
25	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
26	1st	100%
27	2nd	85%
28	3rd	66%
29	4th	50%
30	5th	34%
31	6th	17%
32	<b>(7) For deductions allowed over a seven (7) year period:</b>	
33	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
34	1st	100%
35	2nd	86%
36	3rd	72%
37	4th	58%
38	5th	44%
39	6th	30%
40	7th	16%
41	<b>(8) For deductions allowed over an eight (8) year period:</b>	
42	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>

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1	<b>1st</b>	<b>100%</b>
2	<b>2nd</b>	<b>88%</b>
3	<b>3rd</b>	<b>75%</b>
4	<b>4th</b>	<b>63%</b>
5	<b>5th</b>	<b>50%</b>
6	<b>6th</b>	<b>38%</b>
7	<b>7th</b>	<b>25%</b>
8	<b>8th</b>	<b>13%</b>

**(9) For deductions allowed over a nine (9) year period:**

	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
11	<b>1st</b>	<b>100%</b>
12	<b>2nd</b>	<b>90%</b>
13	<b>3rd</b>	<b>78%</b>
14	<b>4th</b>	<b>66%</b>
15	<b>5th</b>	<b>55%</b>
16	<b>6th</b>	<b>44%</b>
17	<b>7th</b>	<b>33%</b>
18	<b>8th</b>	<b>22%</b>
19	<b>9th</b>	<b>11%</b>

**(10) For deductions allowed over a ten (10) year period:**

	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
22	<b>1st</b>	<b>100%</b>
23	<b>2nd</b>	<b>95%</b>
24	<b>3rd</b>	<b>80%</b>
25	<b>4th</b>	<b>65%</b>
26	<b>5th</b>	<b>50%</b>
27	<b>6th</b>	<b>40%</b>
28	<b>7th</b>	<b>30%</b>
29	<b>8th</b>	<b>20%</b>
30	<b>9th</b>	<b>10%</b>
31	<b>10th</b>	<b>5%</b>

SECTION 23. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.1-1996, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 4.5. (a) For purposes of this section, "personal property" means personal property other than inventory (as defined in IC 6-1.1-3-11(a)).

(b) An applicant must provide a statement of benefits to the designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment **or new research and development equipment, or both**, for which the person desires to claim a deduction



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1 under this chapter. The state board of tax commissioners shall prescribe  
 2 a form for the statement of benefits. The statement of benefits must  
 3 include the following information:

4 (1) A description of the new manufacturing equipment **or new**  
 5 **research and development equipment, or both**, that the person  
 6 proposes to acquire.

7 (2) With respect to:

8 (A) new manufacturing equipment not used to dispose of solid  
 9 waste or hazardous waste by converting the solid waste or  
 10 hazardous waste into energy or other useful products; **and**

11 **(B) new research and development equipment;**

12 an estimate of the number of individuals who will be employed or  
 13 whose employment will be retained by the person as a result of  
 14 the installation of the new manufacturing equipment **or new**  
 15 **research and development equipment, or both**, and an estimate  
 16 of the annual salaries of these individuals.

17 (3) An estimate of the cost of the new manufacturing equipment  
 18 **or new research and development equipment, or both.**

19 (4) With respect to new manufacturing equipment used to dispose  
 20 of solid waste or hazardous waste by converting the solid waste  
 21 or hazardous waste into energy or other useful products, an  
 22 estimate of the amount of solid waste or hazardous waste that will  
 23 be converted into energy or other useful products by the new  
 24 manufacturing equipment.

25 With the approval of the state board of tax commissioners, the  
 26 statement of benefits may be incorporated in a designation application.  
 27 Notwithstanding any other law, a statement of benefits is a public  
 28 record that may be inspected and copied under IC 5-14-3-3.

29 (c) The designating body must review the statement of benefits  
 30 required under subsection (b). The designating body shall determine  
 31 whether an area should be designated an economic revitalization area  
 32 or whether the deduction shall be allowed, based on (and after it has  
 33 made) the following findings:

34 (1) Whether the estimate of the cost of the new manufacturing  
 35 equipment **or new research and development equipment, or**  
 36 **both**, is reasonable for equipment of that type.

37 (2) With respect to:

38 (A) new manufacturing equipment not used to dispose of solid  
 39 waste or hazardous waste by converting the solid waste or  
 40 hazardous waste into energy or other useful products; **and**

41 **(B) new research and development equipment;**

42 whether the estimate of the number of individuals who will be

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1 employed or whose employment will be retained can be  
 2 reasonably expected to result from the installation of the new  
 3 manufacturing equipment **or new research and development**  
 4 **equipment, or both.**

5 (3) Whether the estimate of the annual salaries of those  
 6 individuals who will be employed or whose employment will be  
 7 retained can be reasonably expected to result from the proposed  
 8 installation of new manufacturing equipment **or new research**  
 9 **and development equipment, or both.**

10 (4) With respect to new manufacturing equipment used to dispose  
 11 of solid waste or hazardous waste by converting the solid waste  
 12 or hazardous waste into energy or other useful products, whether  
 13 the estimate of the amount of solid waste or hazardous waste that  
 14 will be converted into energy or other useful products can be  
 15 reasonably expected to result from the installation of the new  
 16 manufacturing equipment.

17 (5) Whether any other benefits about which information was  
 18 requested are benefits that can be reasonably expected to result  
 19 from the proposed installation of new manufacturing equipment  
 20 **or new research and development equipment, or both.**

21 (6) Whether the totality of benefits is sufficient to justify the  
 22 deduction.

23 The designating body may not designate an area an economic  
 24 revitalization area or approve the deduction unless it makes the  
 25 findings required by this subsection in the affirmative.

26 (d) Except as provided in subsection (f), an owner of new  
 27 manufacturing equipment whose statement of benefits is approved  
 28 before May 1, 1991, is entitled to a deduction from the assessed value  
 29 of that equipment for a period of five (5) years. Except as provided in  
 30 subsections (f) and (i), an owner of new manufacturing equipment  
 31 whose statement of benefits is approved after ~~April 30, 1991~~, **June 30,**  
 32 **1998**, is entitled to a deduction from the assessed value of that  
 33 equipment for a ~~period of five (5) years or ten (10) the number of~~  
 34 ~~years as determined by the designating body under subsection (h).~~  
 35 Except as provided in subsections (f) and (g) and in section 2(i)(3) of  
 36 this chapter, the amount of the deduction that an owner is entitled to for  
 37 a particular year equals the product of:

38 (1) the assessed value of the new manufacturing equipment **or**  
 39 **new research and development equipment** in the year that the  
 40 equipment is installed; multiplied by

41 (2) the percentage prescribed in the table set forth in subsection  
 42 (e).



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1 (e) The percentage to be used in calculating the deduction under  
2 subsection (d) is as follows:

3 **(1) For deductions allowed over a one (1) year period:**

4 <b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
5 <b>1st</b>	<b>100%</b>
6 <b>2nd and thereafter</b>	<b>0%</b>

7 **(2) For deductions allowed over a two (2) year period:**

8 <b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
9 <b>1st</b>	<b>100%</b>
10 <b>2nd</b>	<b>50%</b>
11 <b>3rd and thereafter</b>	<b>0%</b>

12 **(3) For deductions allowed over a three (3) year period:**

13 <b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
14 <b>1st</b>	<b>100%</b>
15 <b>2nd</b>	<b>66%</b>
16 <b>3rd</b>	<b>33%</b>
17 <b>4th and thereafter</b>	<b>0%</b>

18 **(4) For deductions allowed over a four (4) year period:**

19 <b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
20 <b>1st</b>	<b>100%</b>
21 <b>2nd</b>	<b>75%</b>
22 <b>3rd</b>	<b>50%</b>
23 <b>4th</b>	<b>25%</b>
24 <b>5th and thereafter</b>	<b>0%</b>

25 **(†) (5) For deductions allowed over a five (5) year period:**

26 <b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
27 <b>1st</b>	<b>100%</b>
28 <b>2nd</b>	<del>95%</del> <b>80%</b>
29 <b>3rd</b>	<del>80%</del> <b>60%</b>
30 <b>4th</b>	<del>65%</del> <b>40%</b>
31 <b>5th</b>	<del>50%</del> <b>25%</b>
32 <b>6th and thereafter</b>	<b>0%</b>

33 **(6) For deductions allowed over a six (6) year period:**

34 <b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
35 <b>1st</b>	<b>100%</b>
36 <b>2nd</b>	<b>85%</b>
37 <b>3rd</b>	<b>66%</b>
38 <b>4th</b>	<b>50%</b>
39 <b>5th</b>	<b>34%</b>
40 <b>6th</b>	<b>25%</b>
41 <b>7th and thereafter</b>	<b>0%</b>

42 **(7) For deductions allowed over a seven (7) year period:**



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1	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
2	1st	100%
3	2nd	86%
4	3rd	72%
5	4th	58%
6	5th	44%
7	6th	30%
8	7th	25%
9	8th and thereafter	0%
10	<b>(8) For deductions allowed over an eight (8) year period:</b>	
11	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
12	1st	100%
13	2nd	88%
14	3rd	75%
15	4th	63%
16	5th	50%
17	6th	38%
18	7th	25%
19	8th	25%
20	9th and thereafter	0%
21	<b>(9) For deductions allowed over a nine (9) year period:</b>	
22	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
23	1st	100%
24	2nd	90%
25	3rd	78%
26	4th	66%
27	5th	55%
28	6th	44%
29	7th	33%
30	8th	25%
31	9th	25%
32	10th and thereafter	0%
33	<b>(10) For deductions allowed over a ten (10) year period:</b>	
34	<b>YEAR OF DEDUCTION</b>	<b>PERCENTAGE</b>
35	1st	100%
36	2nd	95%
37	3rd	90%
38	4th	85%
39	5th	80%
40	6th	70%
41	7th	55%
42	8th	40%

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1	9th	30%
2	10th	25%
3	11th and thereafter	0%

4 (f) Notwithstanding subsections (d) and (e), a deduction under this  
 5 section is not allowed in the first year the deduction is claimed for new  
 6 manufacturing equipment **or new research and development**  
 7 **equipment, or both**, to the extent that it would cause the assessed  
 8 value of all of the personal property of the owner in the taxing district  
 9 in which the equipment is located (excluding personal property that is  
 10 assessed as construction in process) to be less than the assessed value  
 11 of all of the personal property of the owner in that taxing district  
 12 (excluding personal property that is assessed as construction in  
 13 process) in the immediately preceding year.

14 (g) If a deduction is not fully allowed under subsection (f) in the  
 15 first year the deduction is claimed, then the percentages specified in  
 16 subsection (d) or (e) apply in the subsequent years to the amount of  
 17 deduction that was allowed in the first year.

18 (h) **For an economic revitalization area designated before July**  
 19 **1, 1998**, the designating body shall determine whether a property owner  
 20 whose statement of benefits is approved after April 30, 1991, is entitled  
 21 to a deduction for five (5) or ten (10) years. **For an economic**  
 22 **revitalization area designated after June 30, 1998, the designating**  
 23 **body shall determine the number of years the deduction is allowed.**  
 24 **However, the deduction may not be allowed for more than ten (10)**  
 25 **years.** This determination shall be made:

- 26 (1) as part of the resolution adopted under section 2.5 of this
- 27 chapter; or
- 28 (2) by resolution adopted within sixty (60) days after receiving a
- 29 copy of a property owner's certified deduction application **or**
- 30 **schedule** from the state board of tax commissioners. A certified
- 31 copy of the resolution shall be sent to the county auditor and the
- 32 state board of tax commissioners.

33 A determination about ~~whether~~ **the number of years the deduction is**  
 34 **for a period of five (5) or ten (10) years allowed** that is made under  
 35 subdivision (1) is final and may not be changed by following the  
 36 procedure under subdivision (2).

37 (i) The owner of new manufacturing equipment that is directly used  
 38 to dispose of hazardous waste is not entitled to the deduction provided  
 39 by this section for a particular assessment year if during that  
 40 assessment year the owner:

- 41 (1) is convicted of a violation under IC 13-7-13-3 (repealed),
- 42 IC 13-7-13-4 (repealed), or IC 13-30-6; or

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1 (2) is subject to an order or a consent decree with respect to  
 2 property located in Indiana based on a violation of a federal or  
 3 state rule, regulation, or statute governing the treatment, storage,  
 4 or disposal of hazardous wastes that had a major or moderate  
 5 potential for harm.

6 SECTION 24. IC 6-1.1-12.1-5 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 5. (a) A property  
 8 owner who desires to obtain the deduction provided by section 3 of this  
 9 chapter must file a certified deduction application, on forms prescribed  
 10 by the state board of tax commissioners, with the auditor of the county  
 11 in which the property is located. Except as otherwise provided in  
 12 subsection (b) or (e), the deduction application must be filed before  
 13 May 10 of the year in which the addition to assessed valuation is made.

14 (b) If notice of the addition to assessed valuation or new assessment  
 15 for any year is not given to the property owner before April 10 of that  
 16 year, the deduction application required by this section may be filed not  
 17 later than thirty (30) days after the date such a notice is mailed to the  
 18 property owner at the address shown on the records of the township  
 19 assessor.

20 (c) The deduction application required by this section must contain  
 21 the following information:

- 22 (1) The name of the property owner.  
 23 (2) A description of the property for which a deduction is claimed  
 24 in sufficient detail to afford identification.  
 25 (3) The assessed value of the improvements before rehabilitation.  
 26 (4) The increase in the assessed value of improvements resulting  
 27 from the rehabilitation.  
 28 (5) The assessed value of the new structure in the case of  
 29 redevelopment.  
 30 (6) The amount of the deduction claimed for the first year of the  
 31 deduction.  
 32 (7) If the deduction application is for a deduction in a  
 33 residentially distressed area, the assessed value of the  
 34 improvement or new structure for which the deduction is claimed.

35 (d) A deduction application filed under subsection (a) or (b) is  
 36 applicable for the year in which the addition to assessed value or  
 37 assessment of a new structure is made and in the ~~immediate~~ following  
 38 ~~two (2); four (4); five (5); or nine (9) years whichever is applicable;~~ **the**  
 39 **deduction is allowed**, without any additional deduction application  
 40 being filed. However, property owners who had an area designated an  
 41 urban development area pursuant to a deduction application filed prior  
 42 to January 1, 1979, are only entitled to a deduction for a five (5) year



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1 period. In addition, property owners who are entitled to a deduction  
 2 under this chapter pursuant to a deduction application filed after  
 3 December 31, 1978, and before January 1, 1986, are entitled to a  
 4 deduction for a ten (10) year period.

5 (e) A property owner who desires to obtain the deduction provided  
 6 by section 3 of this chapter but who has failed to file a deduction  
 7 application within the dates prescribed in subsection (a) or (b) may file  
 8 a deduction application between March 1 and May 10 of a subsequent  
 9 year which shall be applicable for the year filed and the subsequent  
 10 years without any additional deduction application being filed for the  
 11 amounts of the deduction which would be applicable to such years  
 12 pursuant to section 4 of this chapter if such a deduction application had  
 13 been filed in accordance with subsection (a) or (b).

14 (f) On verification of the correctness of a deduction application by  
 15 the assessor of the township in which the property is located, the  
 16 county auditor shall act as follows:

17 (1) If a determination about ~~whether the deduction is three (3); six~~  
 18 ~~(6); or ten (10) the number of years the deduction is allowed~~  
 19 has been made in the resolution adopted under section 2.5 of this  
 20 chapter, the county auditor shall make the appropriate deduction.

21 (2) If a determination about ~~whether the deduction is three (3); six~~  
 22 ~~(6); or ten (10) the number of years the deduction is allowed~~  
 23 has not been made in the resolution adopted under section 2.5 of  
 24 this chapter, the county auditor shall send a copy of the deduction  
 25 application to the designating body. Upon receipt of the resolution  
 26 stating ~~whether the~~ **number of years the deduction will be**  
 27 **allowed, for three (3); six (6); or ten (10) years;** the county auditor  
 28 shall make the appropriate deduction.

29 (3) If the deduction application is for rehabilitation or  
 30 redevelopment in a residentially distressed area, the county  
 31 auditor shall make the appropriate deduction.

32 (g) The amount and period of the deduction provided for property  
 33 by section 3 of this chapter are not affected by a change in the  
 34 ownership of the property if the new owner of the property:

35 (1) continues to use the property in compliance with any  
 36 standards established under section 2(g) of this chapter; and

37 (2) files an application in the manner provided by subsection (e).

38 (h) The township assessor shall include a notice of the deadlines for  
 39 filing a deduction application under subsections (a) and (b) with each  
 40 notice to a property owner of an addition to assessed value or of a new  
 41 assessment.

42 SECTION 25. IC 6-1.1-12.1-5.5, AS AMENDED BY P.L.6-1997,

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1 SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JANUARY 1, 1999]: Sec. 5.5. (a) A person that desires to obtain the  
3 deduction provided by section 4.5 of this chapter must file a ~~certified~~  
4 ~~deduction application schedule~~, on forms prescribed by the state board  
5 of tax commissioners, with **the person's personal property return**  
6 **with the township assessor. The township assessor shall forward**  
7 **the personal property return and schedule to:**

- 8 (1) the auditor of the county in which the new manufacturing  
9 equipment **or new research and development equipment, or**  
10 **both**, is located; and  
11 (2) the state board of tax commissioners; and  
12 (3) **the designating body.**

13 A person that timely files a personal property return under  
14 IC 6-1.1-3-7(a) for the year in which the new manufacturing equipment  
15 is installed must file the application between March 1 and May 15 of  
16 that year. A person that obtains a filing extension under IC 6-1.1-3-7(b)  
17 for the year in which the new manufacturing equipment is installed  
18 must file the application between March 1 and June 14 of that year.  
19 **The designating body shall determine if all persons qualifying for**  
20 **the deduction provided by section 4.5 of this chapter have filed the**  
21 **required schedule. Before June 20 each year, the designating body**  
22 **shall notify each person that qualifies but failed to file the required**  
23 **schedule. A person failing to file the required schedule at the time**  
24 **of filing the personal property return must file the schedule with**  
25 **the appropriate township assessor and the designating body before**  
26 **July 10 each year. Before July 15 each year, the designating body**  
27 **shall compile and send to the county auditor a list of all persons**  
28 **eligible for the deduction and a statement whether the person filed**  
29 **the schedule required by this section.**

30 (b) The ~~deduction application schedule~~ required by this section  
31 must contain the following information:

- 32 (1) The name of the owner of the new manufacturing equipment  
33 **or new research and development equipment, or both.**  
34 (2) A description of the new manufacturing equipment **or new**  
35 **research and development equipment, or both.**  
36 (3) Proof of the date the new manufacturing equipment **or new**  
37 **research and development equipment, or both**, was installed.  
38 (4) The amount of the deduction claimed for the first year of the  
39 deduction.  
40 (5) **The compliance statement required by section 5.6 of this**  
41 **chapter.**  
42 (6) **Any other information required by the state board of tax**



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1 **commissioners.**

2 (c) This subsection applies to a ~~deduction application schedule~~ with  
 3 respect to new manufacturing equipment **or new research and**  
 4 **development equipment, or both**, for which a statement of benefits  
 5 was initially approved after April 30, 1991. If a determination about  
 6 ~~whether the number of years~~ the deduction is for a period of ~~five (5)~~  
 7 ~~or ten (10) years allowed~~ has not been made in the resolution adopted  
 8 under section 2.5 of this chapter, the county auditor shall send a copy  
 9 of the ~~deduction application schedule~~ to the designating body and the  
 10 designating body shall adopt a resolution under section 4.5(h)(2) of this  
 11 chapter.

12 (d) A ~~deduction application schedule~~ must be filed under this  
 13 section in the year in which the new manufacturing equipment **or new**  
 14 **research and development equipment, or both**, is installed and in  
 15 each of the immediately succeeding ~~four (4) or nine (9) years~~  
 16 ~~whichever is applicable. the deduction is allowed.~~

17 (e) The state board of tax commissioners shall review and verify the  
 18 correctness of each ~~deduction application schedule~~ and shall notify the  
 19 county auditor of the county in which the property is located that the  
 20 ~~deduction application schedule~~ is approved or denied or that the  
 21 amount of the deduction is altered. Upon notification of approval of the  
 22 ~~deduction application schedule~~ or of alteration of the amount of the  
 23 deduction, the county auditor shall make the deduction. The county  
 24 auditor shall notify the county property tax assessment board of appeals  
 25 of all deductions approved under this section.

26 (f) If the ownership of new manufacturing equipment **or new**  
 27 **research and development equipment, or both**, changes, the  
 28 deduction provided under section 4.5 of this chapter continues to apply  
 29 to that equipment if the new owner:

- 30 (1) continues to use the equipment in compliance with any  
 31 standards established under section 2(g) of this chapter; and  
 32 (2) files the deduction applications required by this section.

33 (g) The amount of the deduction is the percentage under section 4.5  
 34 of this chapter that would have applied if the ownership of the property  
 35 had not changed multiplied by the assessed value of the equipment for  
 36 the year the deduction is claimed by the new owner.

37 (h) If a person desires to initiate an appeal of the state board of tax  
 38 commissioners' final determination, the person must do all of the  
 39 following not more than forty-five (45) days after the state board of tax  
 40 commissioners gives the person notice of the final determination:

- 41 (1) File a written notice with the state board of tax commissioners  
 42 informing the board of the person's intention to appeal.



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1 (2) File a complaint in the tax court.

2 (3) Serve the attorney general and the county auditor with a copy  
3 of the complaint.

4 SECTION 26. IC 6-1.1-12.1-5.6, AS AMENDED BY P.L.25-1995,  
5 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
6 JANUARY 1, 1999]: Sec. 5.6. (a) This subsection applies to a property  
7 owner whose statement of benefits was approved under section 4.5 of  
8 this chapter before July 1, 1991. In addition to the requirements of  
9 section 5.5(b) of this chapter, a ~~deduction application~~ **schedule** filed  
10 under section 5.5 of this chapter must contain information showing the  
11 extent to which there has been compliance with the statement of  
12 benefits approved under section 4.5 of this chapter. Failure to comply  
13 with a statement of benefits approved before July 1, 1991, may not be  
14 a basis for rejecting a deduction. ~~application~~.

15 (b) This subsection applies to a property owner whose statement of  
16 benefits was approved under section 4.5 of this chapter after June 30,  
17 1991. In addition to the requirements of section 5.5(b) of this chapter,  
18 a property owner who files a ~~deduction application~~ **schedule** under  
19 section 5.5 of this chapter must provide the county auditor and the  
20 designating body with information showing the extent to which there  
21 has been compliance with the statement of benefits approved under  
22 section 4.5 of this chapter.

23 (c) Notwithstanding IC 5-14-3 and IC 6-1.1-35-9, the following  
24 information is a public record if filed under this section:

25 (1) The name and address of the taxpayer.

26 (2) The location and description of the new manufacturing  
27 equipment **or new research and development equipment, or**  
28 **both**, for which the deduction was granted.

29 (3) Any information concerning the number of employees at the  
30 facility where the new manufacturing equipment **or new research**  
31 **and development equipment, or both**, is located, including  
32 estimated totals that were provided as part of the statement of  
33 benefits.

34 (4) Any information concerning the total of the salaries paid to  
35 those employees, including estimated totals that were provided as  
36 part of the statement of benefits.

37 (5) Any information concerning the amount of solid waste or  
38 hazardous waste converted into energy or other useful products by  
39 the new manufacturing equipment.

40 (6) Any information concerning the assessed value of the new  
41 manufacturing equipment **or new research and development**  
42 **equipment, or both**, including estimates that were provided as

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1 part of the statement of benefits.

2 (d) The following information is confidential if filed under this  
3 section:

4 (1) Any information concerning the specific salaries paid to  
5 individual employees by the owner of the new manufacturing  
6 equipment **or new research and development equipment, or**  
7 **both.**

8 (2) Any information concerning the cost of the new  
9 manufacturing equipment **or new research and development**  
10 **equipment, or both.**

11 SECTION 27. IC 6-1.1-12.1-8 IS AMENDED TO READ AS  
12 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 8. (a) No later  
13 than December 31 of each year, the county auditor shall publish the  
14 following in a newspaper of general interest and readership and not one  
15 of limited subject matter:

16 (1) A list of the approved ~~deduction applications~~ **deductions** that  
17 were filed under this chapter during that year. The list must  
18 contain the following:

19 (A) The name and address of each person approved for or  
20 receiving a deduction that was filed for during the year.

21 (B) The amount of each deduction that was filed for during the  
22 year.

23 (C) The number of years for which each deduction that was  
24 filed for during the year will be available.

25 (D) The total amount for all deductions that were filed for and  
26 granted during the year.

27 (2) The total amount of all deductions for real property that were  
28 in effect under section 3 of this chapter during the year.

29 (3) The total amount of all deductions for new manufacturing  
30 equipment **or new research and development equipment, or**  
31 **both**, that were in effect under section 4.5 of this chapter during  
32 the year.

33 (b) The county auditor shall file the information described in  
34 subsection (a)(2) and (a)(3) with the state board of tax commissioners  
35 not later than December 31 of each year.

36 SECTION 28. IC 6-1.1-12.1-11.3, AS ADDED BY P.L.84-1995,  
37 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
38 JANUARY 1, 1999]: Sec. 11.3. (a) This section applies only to the  
39 following requirements under section 3 of this chapter:

40 (1) Failure to provide the completed statement of benefits form to  
41 the designating body before the hearing required by section 2.5(c)  
42 of this chapter.



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1 (2) Failure to submit the completed statement of benefits form to  
 2 the designating body before the initiation of the redevelopment or  
 3 rehabilitation or the installation of new manufacturing equipment  
 4 **or new research and development equipment, or both**, for  
 5 which the person desires to claim a deduction under this chapter.

6 (3) Failure to designate an area as an economic revitalization area  
 7 before the initiation of the:

8 (A) redevelopment;

9 (B) installation of new manufacturing equipment **or new**  
 10 **research and development equipment, or both**; or

11 (C) rehabilitation;

12 for which the person desires to claim a deduction under this  
 13 chapter.

14 (4) Failure to make the required findings of fact before  
 15 designating an area as an economic revitalization area or  
 16 authorizing a deduction for new manufacturing equipment **or new**  
 17 **research and development equipment, or both**, under section  
 18 2, 3, or 4.5 of this chapter.

19 (b) This section does not grant a designating body the authority to  
 20 exempt a person from filing a **completed** statement of benefits or  
 21 exempt a designating body from making findings of fact.

22 (c) A designating body may by resolution ~~waive noncompliance~~  
 23 **extend the date for compliance for a failure** described under  
 24 subsection (a) under the terms and conditions specified in the  
 25 resolution. Before adopting a waiver under this subsection, the  
 26 designating body shall conduct a public hearing on the waiver.

27 SECTION 29. IC 6-1.1-15-1, AS AMENDED BY P.L.6-1997,  
 28 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29 JANUARY 1, 1999]: Sec. 1. (a) A taxpayer may obtain a review by the  
 30 county property tax assessment board of appeals of a county or  
 31 township official's action with respect to the assessment of the  
 32 taxpayer's tangible property if the official's action requires the giving  
 33 of notice to the taxpayer. At the time that notice is given to the  
 34 taxpayer, he shall also be informed in writing of:

35 (1) his opportunity for review under this section; and

36 (2) the procedures he must follow in order to obtain review under  
 37 this section.

38 (b) In order to appeal a current assessment and have a change in the  
 39 assessment effective for the most recent assessment date, the taxpayer  
 40 must file a petition with the assessor of the county in which the action  
 41 is taken:

42 (1) within forty-five (45) days after notice of a change in the

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1 assessment is given to the taxpayer; or  
 2 (2) May 10 of that year;  
 3 whichever is later. The county assessor shall notify the county auditor  
 4 **and the state board of tax commissioners** that the assessment is  
 5 under appeal. **In addition, the notice shall be sent to each affected**  
 6 **taxing unit when the appealed items constitute at least one percent**  
 7 **(1%) of the taxing unit's total gross certified assessed value for the**  
 8 **immediately preceding year. The notice must include the**  
 9 **appellant's name, address, and the assessed value for the**  
 10 **assessment date the year before the appeal and the assessed value**  
 11 **on the most recent assessment date.**

12 (c) A change in an assessment made as a result of an appeal filed:  
 13 (1) in the same year that notice of a change in the assessment is  
 14 given to the taxpayer; and  
 15 (2) after the time prescribed in subsection (b);  
 16 becomes effective for the next assessment date.

17 (d) A taxpayer may appeal a current real estate assessment in a year  
 18 even if the taxpayer has not received a notice of assessment in the year.  
 19 If an appeal is filed on or before May 10 of a year in which the taxpayer  
 20 has not received notice of assessment, a change in the assessment  
 21 resulting from the appeal is effective for the most recent assessment  
 22 date. If the appeal is filed after May 10, the change becomes effective  
 23 for the next assessment date.

24 (e) The state board of tax commissioners shall prescribe the form of  
 25 the petition for review of an assessment determination by a township  
 26 assessor. The board shall issue instructions for completion of the form.  
 27 The form and the instructions must be clear, simple, and  
 28 understandable to the average individual. An appeal of such a  
 29 determination must be made on the form prescribed by the board. The  
 30 form must require the petitioner to specify the following:

31 (1) The physical characteristics of the property in issue that bear  
 32 on the assessment determination.  
 33 (2) All other facts relevant to the assessment determination.  
 34 (3) The reasons why the petitioner believes that the assessment  
 35 determination by the township assessor is erroneous.

36 (f) The state board of tax commissioners shall prescribe a form for  
 37 a response by the township assessor to the petition for review of an  
 38 assessment determination. The board shall issue instructions for  
 39 completion of the form. The form must require the township assessor  
 40 to indicate:

41 (1) agreement or disagreement with each item indicated on the  
 42 petition under subsection (e); and

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1 (2) the reasons why the assessor believes that the assessment  
2 determination is correct.

3 (g) Immediately upon receipt of a timely filed petition on the form  
4 prescribed under subsection (e), the county assessor shall forward a  
5 copy of the petition to the township assessor who made the challenged  
6 assessment. The township assessor shall, within thirty (30) days after  
7 the receipt of the petition, attempt to hold a preliminary conference  
8 with the petitioner and resolve as many issues as possible. Within ten  
9 (10) days after the conference, the township assessor shall forward to  
10 the county auditor and county assessor a completed response to the  
11 petition on the form prescribed under subsection (f). The county  
12 assessor shall immediately forward a copy of the response form to the  
13 petitioner and the county property tax assessment board of appeals. ~~If~~  
14 ~~the county auditor determines that the appealed items on which there~~  
15 ~~is disagreement constitute at least one percent (1%) of the total gross~~  
16 ~~certified assessed value of the immediately preceding year for any~~  
17 ~~particular unit, the county auditor shall immediately notify the fiscal~~  
18 ~~officer of the unit.~~ If after the conference there are items listed in the  
19 petition on which there is disagreement, the property tax assessment  
20 board of appeals shall hold a hearing within ninety (90) days of the  
21 filing of the petition on those items of disagreement, **except as**  
22 **provided in subsection (h).** The taxpayer may present the taxpayer's  
23 reasons for disagreement with the assessment. The township assessor  
24 or county assessor for the county must present the basis for the  
25 assessment decision on these items to the board of appeals at the  
26 hearing and the reasons the petitioner's appeal should be denied on  
27 those items. The board of appeals shall have a written record of the  
28 hearing and prepare a written statement of findings and a decision on  
29 each item within sixty (60) days of the hearing. If the township assessor  
30 does not attempt to hold a preliminary conference, the board shall  
31 accept the appeal of the petitioner at the hearing.

32 **(h) The county property tax assessment board of appeals shall**  
33 **hold its hearing within one hundred eighty (180) days instead of**  
34 **ninety (90) days in a county having a population of more than four**  
35 **hundred thousand (400,000).**

36 SECTION 30. IC 6-1.1-15-4, AS AMENDED BY P.L.6-1997,  
37 SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
38 JANUARY 1, 1999]: Sec. 4. (a) After receiving a petition for review  
39 which is filed under section 3 of this chapter, the division of appeals of  
40 the state board of tax commissioners shall conduct a hearing at its  
41 earliest opportunity. In addition, the division of appeals of the state  
42 board may assess the property in question, correcting any errors which



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1 may have been made. The division of appeals of the state board shall  
 2 give notice of the date fixed for the hearing, by mail, to the taxpayer  
 3 and to the appropriate township assessor, county assessor, and county  
 4 auditor. **In addition, the notice shall be sent to each affected taxing**  
 5 **unit when the appealed items constitute at least one percent (1%)**  
 6 **of the taxing unit's total gross certified assessed value for the**  
 7 **immediately preceding year.** The division of appeals of the state  
 8 board shall give these notices at least ten (10) days before the day fixed  
 9 for the hearing. **The notice must include the appellant's name,**  
 10 **address, and the assessed value for the assessment date the year**  
 11 **before the appeal and the assessed value on the most recent**  
 12 **assessment date.**

13 (b) If a petition for review does not comply with the state board of  
 14 tax commissioners' instructions for completing the form prescribed  
 15 under section 3 of this chapter, the division of appeals of the state  
 16 board of tax commissioners shall return the petition to the petitioner  
 17 and include a notice describing the defect in the petition. The petitioner  
 18 then has thirty (30) days from the date on the notice to cure the defect  
 19 and file a corrected petition. The division of appeals of the state board  
 20 of tax commissioners shall deny a corrected petition for review if it  
 21 does not substantially comply with the state board of tax  
 22 commissioners' instructions for completing the form prescribed under  
 23 section 3 of this chapter.

24 (c) The state board of tax commissioners shall prescribe a form for  
 25 use in processing petitions for review of actions by the county property  
 26 tax assessment board of appeals. The state board shall issue  
 27 instructions for completion of the form. The form must require the  
 28 division of appeals of the state board to indicate agreement or  
 29 disagreement with each item that is:

- 30 (1) indicated on the petition submitted under section 1(e) of this  
 31 chapter;  
 32 (2) included in the township assessor's response under section  
 33 1(g) of this chapter; and  
 34 (3) included in the county property tax assessment board of  
 35 appeals' findings, record, and determination under section 2.1(d)  
 36 of this chapter.

37 The form must also require the division of appeals of the state board to  
 38 indicate the issues in dispute and its reasons in support of its resolution  
 39 of those issues.

40 (d) After the hearing the division of appeals of the state board shall  
 41 give the petitioner, the township assessor, the county assessor, and the  
 42 county auditor, **and the affected taxing units required to be notified**

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1 **under subsection (a):**

- 2 (1) notice, by mail, of its final determination;  
 3 (2) a copy of the form completed under subsection (c); and  
 4 (3) notice of the procedures they must follow in order to obtain  
 5 court review under section 5 of this chapter.

6 (e) The division of appeals of the state board of tax commissioners  
 7 shall conduct a hearing within six (6) months after a petition in proper  
 8 form is filed with the division, excluding any time due to a delay  
 9 reasonably caused by the petitioner. The division of appeals shall make  
 10 a determination within the later of forty-five (45) days after the hearing  
 11 or the date set in an extension order issued by the chairman of the state  
 12 board of tax commissioners. However, the state board of tax  
 13 commissioners may not extend the final determination date by more  
 14 than one hundred eighty (180) days. Except as provided in subsection

15 ~~(g)~~: **(f):**

16 (1) the failure of the division of appeals to make a determination  
 17 within the time allowed by this subsection shall be treated as a  
 18 final determination of the state board of tax commissioners to  
 19 deny the petition; and

20 (2) a final decision of the division of appeals is a final  
 21 determination of the state board of tax commissioners.

22 ~~(g)~~ **(f)** A final determination of the division of appeals is not a final  
 23 determination of the state board of tax commissioners if the state board  
 24 of tax commissioners:

25 (1) gives notice to the parties that the state board of tax  
 26 commissioners will review the determination of the division of  
 27 appeals within fifteen (15) days after the division of appeals gives  
 28 notice of the determination to the parties or the maximum  
 29 allowable time for the issuance of a determination under  
 30 subsection ~~(f)~~ **(e)** expires; or

31 (2) determines to rehear the determination under section 5 of this  
 32 chapter.

33 The state board of tax commissioners shall conduct a review under  
 34 subdivision (1) in the same manner as a rehearing under section 5 of  
 35 this chapter.

36 SECTION 31. IC 6-1.1-15-5, AS AMENDED BY P.L.6-1997,  
 37 SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 38 JANUARY 1, 1999]: Sec. 5. (a) Within fifteen (15) days after the  
 39 division of appeals of the state board of tax commissioners gives notice  
 40 of its final determination under section 4 of this chapter to the party or  
 41 the maximum allowable time for the issuance of a determination by the  
 42 division of appeals under section 4 of this chapter expires, a party to



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1 the proceeding may request a rehearing before the board. The board  
 2 may conduct a rehearing and affirm or modify its final determination,  
 3 giving the same notices after the rehearing as are required by section  
 4 4 of this chapter. The state board of tax commissioners has thirty (30)  
 5 days after receiving a petition for a rehearing to determine whether to  
 6 grant a rehearing. Failure to grant a rehearing within thirty (30) days  
 7 after receiving the petition shall be treated as a final determination to  
 8 deny the petition. A petition for a rehearing does not toll the time in  
 9 which to file a petition for judicial review unless the petition for  
 10 rehearing is granted. If the state board of tax commissioners determines  
 11 to rehear a final determination of the division of appeals, the state  
 12 board of tax commissioners:

- 13 (1) may conduct the additional hearings that the state board of tax  
 14 commissioners determines necessary or review the written record  
 15 of the division of appeals without additional hearings; and
- 16 (2) shall issue a final determination within ninety (90) days after  
 17 notifying the parties that the state board of tax commissioners will  
 18 rehear the determination.

19 Failure of the state board of tax commissioners to make a determination  
 20 within the time allowed under subdivision (2) shall be treated as a final  
 21 determination affirming the decision of the division of appeals.

22 (b) A person may appeal the final determination of the division of  
 23 appeals or the state board of tax commissioners regarding the  
 24 assessment of that person's tangible property. The appeal shall be taken  
 25 to the tax court. Appeals may be consolidated at the request of the  
 26 appellants if it can be done in the interest of justice.

27 (c) If a person desires to initiate an appeal of the state board of tax  
 28 commissioners' final determination, the person shall:

- 29 (1) file a written notice with the state board of tax commissioners  
 30 informing the board of his intention to appeal;
- 31 (2) file a complaint in the tax court; and
- 32 (3) serve the attorney general and the county assessor with a copy  
 33 of the complaint.

34 (d) To initiate an appeal under this section, a person must take the  
 35 action required by subsection (c) within:

- 36 (1) forty-five (45) days after the state board of tax commissioners  
 37 gives the person notice of its final determination under  
 38 IC 6-1.1-14-11 unless a rehearing is conducted under subsection  
 39 (a);
- 40 (2) thirty (30) days after the board gives the person notice under  
 41 subsection (a) of its final determination, if a rehearing is  
 42 conducted under subsection (a) or the maximum time elapses for



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1 the state board of tax commissioners to make a determination  
2 under this section; or

3 (3) forty-five (45) days after the division of appeals gives notice  
4 of a final determination under section 4 of this chapter or the  
5 division fails to make a determination within the maximum time  
6 allowed under section 4 of this chapter, if a rehearing is not  
7 granted under this section.

8 (e) The failure of the state board of tax commissioners to conduct a  
9 hearing within the time period prescribed in section 4(b) of this chapter  
10 does not constitute notice to the person of a board determination.

11 (f) In a case in which the final determination of the state board of  
12 tax commissioners would result in a claim by a taxpayer with respect  
13 to a particular year for a refund that exceeds:

14 (1) eight hundred thousand dollars (\$800,000); or

15 (2) an amount equal to ten percent (10%) of the aggregate tax  
16 levies of ~~an~~ **any taxing units unit** in the county for that year;

17 whichever is less, the county executive may take an appeal to the tax  
18 court in the manner prescribed in this section ~~but only~~ upon request by  
19 the county assessor **or an affected taxing unit. If the appeal is taken**  
20 **at the request of an affected taxing unit, the taxing unit shall pay**  
21 **the costs of the appeal.**

22 SECTION 32. IC 6-1.1-15-6 IS AMENDED TO READ AS  
23 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 6. (a) If an appeal  
24 is initiated by a person under section 5 of this chapter, the secretary of  
25 the state board of tax commissioners shall prepare a certified ~~transcript~~  
26 **record** of the proceedings related to the appeal. ~~However, the transcript~~  
27 ~~shall not include the evidence compiled by the board with respect to the~~  
28 ~~proceedings. The secretary of the board shall transmit the transcript to~~  
29 ~~the clerk of the court designated by the appellant. The record must~~  
30 **consist of the following documents:**

31 (1) **Copies of all papers submitted to the state board during**  
32 **the course of the action and copies of all papers provided to**  
33 **the parties by the state board. The term "papers" includes**  
34 **without limitation all notices, petitions, motions, photographs,**  
35 **and other written documents.**

36 (2) **The transcript of the evidence and proceedings at the**  
37 **administrative hearing conducted by the division of appeals**  
38 **of the state board.**

39 (3) **Copies of all exhibits and physical objects provided to the**  
40 **division of appeals of the state board during the course of the**  
41 **administrative hearing conducted by the division of appeals.**  
42 **Copies of the exhibits that, because of their nature, cannot be**



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1           **incorporated into the record must be kept by the state board**  
 2           **until the appeal is finally terminated. However, this evidence**  
 3           **must be briefly named and identified in the transcript of the**  
 4           **evidence and proceedings.**

5           **(b) If a report of all or part of the evidence or proceedings at the**  
 6           **hearing conducted by the state board was not made, or if a**  
 7           **transcript is unavailable, a party to the appeal initiated under**  
 8           **section 5 of this chapter may prepare a statement of the evidence**  
 9           **or proceedings. The statement must be submitted to the Indiana**  
 10           **tax court and must also be served on all other parties who may**  
 11           **then serve objections or prepare amendments to the statement**  
 12           **within ten (10) days after service.**

13           SECTION 33. IC 6-1.1-15-9 IS AMENDED TO READ AS  
 14           FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 9. (a) If tangible  
 15           property is reassessed by the state board of tax commissioners under  
 16           section 8 of this chapter, the owner of the property has a right to appeal  
 17           the board's final determination of the reassessment. In a case meeting  
 18           the requirements of section 5(f)(1) or 5(f)(2) of this chapter, the county  
 19           executive ~~also has a right to~~ **may** appeal the board's final determination  
 20           of the reassessment ~~but only~~ upon request by the county assessor **or an**  
 21           **affected taxing unit. If the appeal is taken at the request of an**  
 22           **affected taxing unit, the taxing unit shall pay the costs of the**  
 23           **appeal.**

24           (b) An appeal under this section must be initiated in the manner  
 25           prescribed in section 5 of this chapter.

26           SECTION 34. IC 6-1.1-15-10, AS AMENDED BY P.L.86-1995,  
 27           SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 28           JANUARY 1, 1999]: Sec. 10. (a) **This section applies to a petition**  
 29           **for review to a board or an appeal to the tax court involving less**  
 30           **than:**

31           **(1) five hundred thousand dollars (\$500,000) in assessed value**  
 32           **resulting from an original assessment; or**

33           **(2) an increase of five hundred thousand dollars (\$500,000) in**  
 34           **assessed value from one (1) year to the next.**

35           **(a) (b) If a petition for review to any board or an appeal to the tax**  
 36           **court regarding an assessment or increase in assessment is pending, the**  
 37           **taxes resulting from the assessment or increase in assessment are,**  
 38           **notwithstanding the provisions of IC 6-1.1-22-9, not due until after the**  
 39           **petition for review, or the appeal, is finally adjudicated and the**  
 40           **assessment or increase in assessment is finally determined. However,**  
 41           **even though a petition for review or an appeal is pending, the taxpayer**  
 42           **shall pay taxes on the tangible property when the property tax**



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1 installments come due, unless the collection of the taxes is enjoined  
 2 pending an original tax appeal under IC 33-3-5. The amount of taxes  
 3 which the taxpayer is required to pay, pending the final determination  
 4 of the assessment or increase in assessment, shall be based on:

5 (1) the assessed value reported by the taxpayer on his personal  
 6 property return if a personal property assessment, or an increase  
 7 in such an assessment, is involved; or

8 (2) an amount based on the immediately preceding year's  
 9 assessment of real property if an assessment, or increase in  
 10 assessment, of real property is involved.

11 ~~(b)~~ (c) If the petition for review or the appeal is not finally  
 12 determined by the last installment date for the taxes, the taxpayer, upon  
 13 showing of cause by a taxing official or at the tax court's discretion,  
 14 may be required to post a bond or provide other security in an amount  
 15 not to exceed the taxes resulting from the contested assessment or  
 16 increase in assessment.

17 ~~(c)~~ (d) Each county auditor shall keep separate on the tax duplicate  
 18 a record of that portion of the assessed value of property on which a  
 19 taxpayer is not required to pay taxes under subsection ~~(a)~~: (b). When  
 20 establishing rates and calculating state school support, the state board  
 21 of tax commissioners shall recognize the fact that a taxpayer is not  
 22 required to pay taxes under certain circumstances.

23 SECTION 35. IC 6-1.1-15-10.5 IS ADDED TO THE INDIANA  
 24 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 25 [EFFECTIVE JANUARY 1, 1999]: **Sec. 10.5. (a) This section applies**  
 26 **to a petition for review to a board or an appeal to the tax court**  
 27 **involving at least:**

28 (1) five hundred thousand dollars (\$500,000) in assessed value  
 29 resulting from an original assessment; or

30 (2) an increase of five hundred thousand dollars (\$500,000) in  
 31 assessed value from one (1) year to the next.

32 (b) If a petition for review to a board or an appeal to the tax  
 33 court regarding an assessment or increase in assessment is  
 34 pending, the taxes resulting from the assessment or increase in  
 35 assessment may be paid. On each semiannual due date for payment  
 36 of property taxes, the county assessor shall provide the county  
 37 treasurer a list by taxing district of the parcels eligible under  
 38 subsection (a). The list must include the parcel or tax number, the  
 39 appellant's name, address, and the assessed value for the  
 40 assessment date of the year before the appeal, the assessed value on  
 41 the most recent assessment date, and the difference in assessed  
 42 value. Within sixty (60) days after receiving the list, the county



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1 treasurer shall report the collection to the county auditor.

2 (c) Within ninety (90) days of the semiannual due date of taxes,  
3 the county auditor shall certify the information received under  
4 subsection (b) to the various taxing units and the state board of tax  
5 commissioners. The unit shall deposit the taxes attributable to the  
6 disputed assessment in an interest bearing reserve account until  
7 after the petition for review or the appeal is finally adjudicated and  
8 the assessment, or increase in assessment is finally determined. A  
9 taxing unit may not expend property taxes held in reserve under  
10 this section.

11 (d) The county auditor shall keep separate on the tax duplicate  
12 a record of that part of the assessed value of property on which  
13 property taxes are held in reserve under subsection (b). When  
14 establishing rates and calculating state school support, the state  
15 board of tax commissioners shall recognize the fact that a taxing  
16 unit may not expend property taxes held in reserve under this  
17 section.

18 (e) A refund to a prevailing taxpayer shall be paid by the county  
19 auditor. The county auditor shall charge the refund to the various  
20 taxing units to which an overpayment has been paid. The taxing  
21 units are then entitled to withdraw the property taxes held in  
22 reserve under this section with respect to the prevailing taxpayer.

23 (f) If an assessment or increase in assessment is upheld in a final  
24 determination, the taxing unit shall deposit the property taxes and  
25 interest held in reserve under this section into the taxing unit's levy  
26 excess fund.

27 (h) The state board of tax commissioners shall adopt rules under  
28 IC 4-22-2 to implement this section.

29 SECTION 36. IC 6-1.1-15-11 IS AMENDED TO READ AS  
30 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 11. (a) If a review  
31 or appeal authorized under this chapter results in a reduction of the  
32 amount of an assessment or if the state board of tax commissioners on  
33 its own motion reduces an assessment, the taxpayer is entitled to a  
34 credit in the amount of any overpayment of tax on the next successive  
35 tax installment, if any, due in that year. If, after the credit is given, a  
36 further amount is due the taxpayer, he may file a claim for the amount  
37 due. If the claim is allowed by the board of county commissioners, the  
38 county auditor shall, without an appropriation being required, pay the  
39 amount due the taxpayer. **However, if the amount due the taxpayer**  
40 **exceeds one hundred thousand dollars (\$100,000), the county**  
41 **auditor may pay the amount due in not more than four (4) annual**  
42 **installments to the extent the amount has not been deposited in an**



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1 **escrow account under section 10.5 of this chapter.** The county  
 2 auditor shall charge the amount refunded to the taxpayer against the  
 3 accounts of the various taxing units to which the overpayment has been  
 4 paid.

5 **(b) If the county auditor pays the amount due the taxpayer in**  
 6 **annual installments under subsection (a), the taxpayer is entitled**  
 7 **to receive with each installment the interest accrued upon the total**  
 8 **amount due the taxpayer at six percent (6%) per annum.**

9 **(c) Notwithstanding subsection (a), the county auditor, the**  
 10 **taxing units to which the overpayment has been paid, and the**  
 11 **taxpayer may agree to a mutually satisfactory payment schedule.**

12 SECTION 37. IC 6-1.1-17-1, AS AMENDED BY P.L.50-1996,  
 13 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 14 JANUARY 1, 1999]: Sec. 1. (a) On or before August 1 of each year,  
 15 the county auditor shall send a certified statement, under the seal of the  
 16 board of county commissioners, to the fiscal officer of each political  
 17 subdivision of the county and the state board of tax commissioners. The  
 18 statement shall contain:

19 (1) information concerning the assessed valuation in the political  
 20 subdivision for the next calendar year;

21 (2) an estimate of the taxes to be distributed to the political  
 22 subdivision during the last six (6) months of the current calendar  
 23 year;

24 (3) the current assessed valuation as shown on the abstract of  
 25 charges;

26 **(4) the appellant's name, address, and the assessed value for**  
 27 **the assessment date the year before the appeal and the**  
 28 **assessed value on the most recent assessment date for each**  
 29 **petition for review filed with any board or an appeal to the**  
 30 **tax court for petitions and appeals as of July 15;**

31 ~~(5)~~ (5) the average growth in assessed valuation in the political  
 32 subdivision over the preceding three (3) budget years, excluding  
 33 years in which a general reassessment occurs, determined  
 34 according to procedures established by the state board of tax  
 35 commissioners; and

36 ~~(6)~~ (6) any other information at the disposal of the county auditor  
 37 that might affect the assessed value used in the budget adoption  
 38 process.

39 (b) The estimate of taxes to be distributed shall be based on:

40 (1) the abstract of taxes levied and collectible for the current  
 41 calendar year, less any taxes previously distributed for the  
 42 calendar year; and



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1 (2) any other information at the disposal of the county auditor  
2 which might affect the estimate.

3 (c) The fiscal officer of each political subdivision shall present the  
4 county auditor's statement to the proper officers of the political  
5 subdivision.

6 SECTION 38. IC 6-1.1-17-2.5 IS ADDED TO THE INDIANA  
7 CODE AS A NEW SECTION TO READ AS FOLLOWS  
8 [EFFECTIVE JANUARY 1, 1999]: **Sec. 2.5. (a) When certifying the**  
9 **assessed value of a political subdivision for budget making**  
10 **purposes, the county auditor:**

11 (1) shall exclude appealed assessed value; and  
12 (2) may exclude assessed value of property that is part of a  
13 bankruptcy estate, if the county auditor determines that the  
14 property taxes will be uncollectible if assessed.

15 **The amount to be excluded under subdivision (1) shall be**  
16 **determined by the county auditor but may not be greater than the**  
17 **difference in the assessed value for the assessment date the year**  
18 **before the assessment appeal and the assessed value on the most**  
19 **recent assessment date as certified by the county auditor under**  
20 **IC 6-1.1-17-1. If the appeal concerns the assessment of new**  
21 **property, the amount of assessed value to be excluded is only the**  
22 **amount subject to appeal as estimated by the county assessor.**

23 (b) **The proper officers of a political subdivision shall exclude**  
24 **appealed and bankruptcy assessed value excluded under subsection**  
25 **(a) when formulating the political subdivision's estimated budget**  
26 **and its proposed tax rate and tax levy for the ensuing budget year.**

27 SECTION 39. IC 6-1.1-28-1, AS AMENDED BY P.L.6-1997,  
28 SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
29 JANUARY 1, 1999]: Sec. 1. Each county shall have a county property  
30 tax assessment board of appeals composed of individuals who are at  
31 least eighteen (18) years of age and knowledgeable in the valuation of  
32 property. **Except for the county assessor, an individual who is an**  
33 **officer or employee of a county or township may not serve on the**  
34 **board of appeals in the county in which the individual is an officer**  
35 **or employee.** The fiscal body of the county shall appoint two (2)  
36 individuals to the board. At least one (1) of the members appointed by  
37 the county fiscal body must be a certified level two assessor-appraiser.  
38 The board of commissioners of the county shall appoint two (2)  
39 freehold members so that not more than three (3) of the five (5)  
40 members may be of the same political party and so that at least three  
41 (3) of the five (5) members are residents of the county. At least one (1)  
42 of the members appointed by the board of county commissioners must



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1 be a certified level two assessor-appraiser, **unless the county assessor**  
 2 **is a certified level two assessor-appraiser.** A person appointed to a  
 3 property tax assessment board of appeals may not serve on the property  
 4 tax assessment board of appeals of another county at the same time.  
 5 The members of the board shall elect a president. The employees of the  
 6 county assessor shall provide administrative support to the property tax  
 7 assessment board of appeals. The county assessor is a voting member  
 8 of the property tax assessment board of appeals and shall serve as  
 9 secretary of the board. The secretary shall keep full and accurate  
 10 minutes of the proceedings of the board. A majority of the board  
 11 constitutes a quorum for the transaction of business. Any question  
 12 properly before the board may be decided by the agreement of a  
 13 majority of the whole board.

14 SECTION 40. IC 6-1.1-31-1 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 1. (a) The state  
 16 board of tax commissioners shall do the following:

17 (1) Prescribe the property tax forms and returns which taxpayers  
 18 are to complete and on which the taxpayers' assessments will be  
 19 based.

20 (2) Prescribe the forms to be used to give taxpayers notice of  
 21 assessment actions.

22 (3) Adopt rules concerning the assessment of tangible property.

23 (4) Develop specifications that prescribe state requirements for  
 24 computer software and hardware to be used by counties for  
 25 assessment purposes. The specifications developed under this  
 26 subdivision apply only to computer software and hardware  
 27 systems purchased for assessment purposes after July 1, 1993.

28 **(5) Adopt rules establishing criteria for determining whether**  
 29 **a project qualifies as rehabilitation under IC 6-1.1-12-18 or**  
 30 **IC 6-1.1-12-22.**

31 **(6) Adopt rules establishing criteria for the revocation of a**  
 32 **certification under IC 6-1.1-35.5-6.**

33 (b) The state board of tax commissioners may promulgate rules  
 34 which are related to **property taxation** or the duties or the procedures  
 35 of the board.

36 SECTION 41. IC 6-1.1-31-6 IS AMENDED TO READ AS  
 37 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 6. (a) With  
 38 respect to the assessment of real property, the rules of the state board  
 39 of tax commissioners shall provide for:

40 (1) the ~~classification~~ **just valuation** of land on the basis of  
 41 **comparable sales for nonagricultural land and income**  
 42 **capitalization for agricultural land using classifications and**

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- 1           **the most recent data concerning:**  
 2           (i) acreage;  
 3           (ii) lots;  
 4           (iii) size;  
 5           (iv) location;  
 6           (v) use;  
 7           (vi) productivity or earning capacity;  
 8           (vii) applicable zoning provisions;  
 9           (viii) accessibility to highways, sewers, and other public  
 10          services or facilities; and  
 11          (ix) any other factor that the board determines by rule is just  
 12          and proper; and  
 13          (2) ~~the classification~~ **determining reproduction cost and**  
 14          **depreciation** of improvements on the basis of **classifications and**  
 15          **the most recent data concerning:**  
 16          (i) size;  
 17          (ii) location;  
 18          (iii) use;  
 19          (iv) type and character of construction;  
 20          (v) age;  
 21          (vi) condition;  
 22          (vii) cost of reproduction; and  
 23          (viii) any other factor that the board determines by rule is just  
 24          and proper.
- 25          (b) With respect to the assessment of real property, the rules of the  
 26          state board of tax commissioners shall **use the most recent data at the**  
 27          **time the rules are adopted and** include instructions for determining:  
 28          (1) the proper classification of real property;  
 29          (2) the size of real property;  
 30          (3) the effects that location and use have on the **true tax** value of  
 31          real property;  
 32          (4) the depreciation, including physical deterioration and  
 33          obsolescence, of real property;  
 34          (5) the cost of reproducing improvements;  
 35          (6) the productivity or earning capacity of land; and  
 36          (7) the true tax value of real property based on the factors listed  
 37          in this subsection and any other factor that the board determines  
 38          by rule is ~~just and proper~~ **is necessary to provide for the just**  
 39          **valuation of property.**
- 40          (c) **The rules of the state board of tax commissioners shall**  
 41          **include instructions for determining the starting point for the**  
 42          **valuation of used depreciable personal property after a sale or**

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1 **transfer of the property.**

2 ~~(c) With respect to the assessment of real property, true tax value~~  
 3 ~~does not mean fair market value.~~ (d) True tax value is ~~the value just~~  
 4 **valuation when it is** determined under the rules of the state board of  
 5 tax commissioners.

6 SECTION 42. IC 6-1.1-31-7 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 7. (a) With  
 8 respect to the assessment of personal property, the rules of the state  
 9 board of tax commissioners shall provide for the classification of  
 10 personal property on the basis of **the most recent data concerning:**

- 11 (1) date of purchase;  
 12 (2) location;  
 13 (3) use;  
 14 (4) depreciation, obsolescence and condition; and  
 15 (5) any other factor that the board determines by rule ~~is just and~~  
 16 ~~proper. is necessary to provide for the just valuation of~~  
 17 **property.**

18 (b) With respect to the assessment of personal property, the rules of  
 19 the state board of tax commissioners shall **use the most recent data at**  
 20 **the time the rules are adopted and** include instructions for  
 21 determining:

- 22 (1) the proper classification of personal property;  
 23 (2) the effect that location has on the **true tax** value of personal  
 24 property;  
 25 (3) the cost of reproducing personal property;  
 26 (4) the depreciation, including physical deterioration and  
 27 obsolescence, of personal property; and  
 28 (5) the true tax value of personal property based on the factors  
 29 listed in this subsection and any other factor that the board  
 30 determines by rule ~~is just and proper. is necessary to provide for~~  
 31 **the just valuation of property.**

32 (c) In providing for the classification of personal property and the  
 33 instructions for determining the items listed in subsection (b), the state  
 34 board of tax commissioners shall not include the value of land as a cost  
 35 of producing tangible personal property subject to assessment.

36 ~~(d) With respect to the assessment of personal property, true tax~~  
 37 ~~value does not mean fair market value.~~ True tax value is ~~the value just~~  
 38 **valuation** determined under ~~the~~ rules of the state board of tax  
 39 commissioners.

40 SECTION 43. IC 6-1.1-31.5-2, AS ADDED BY P.L.6-1997,  
 41 SECTION 107, IS AMENDED TO READ AS FOLLOWS  
 42 [EFFECTIVE JANUARY 1, 1999]: Sec. 2. (a) The board shall adopt



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1 rules under IC 4-22-2 to prescribe computer specification standards and  
2 for the certification of:

- 3 (1) computer operating systems;
- 4 (2) computer software;
- 5 (3) software providers;
- 6 (4) computer service providers; and
- 7 (5) computer equipment providers.

8 (b) The rules of the board shall provide for **the following:**

- 9 (1) The effective and efficient administration of assessment laws.
- 10 (2) The prompt updating of assessment data **annually in a**  
11 **manner that the assessments may be updated each year using**  
12 **the most recent valuation standards, beginning in 2002.**
- 13 (3) The administration of information contained in the sales  
14 disclosure form, as required under IC 6-1.1-5.5. ~~and~~
- 15 **(4) Annually updating the land valuation standards under**  
16 **IC 6-1.1-4-13.6, beginning in 2002.**
- 17 **(5) Annually updating the standards for reproduction costs**  
18 **and depreciation as determined under IC 6-1.1-31-6 and**  
19 **IC 6-1.1-31-7, beginning in 2002.**
- 20 **(6) Annually updating the income capitalization standards for**  
21 **agricultural land as determined under IC 6-1.1-4-13,**  
22 **beginning in 2002.**

23 ~~(7)~~ **(7) Any** other information necessary to carry out the  
24 administration of the property tax assessment laws.

25 (c) After December 31, 1998, a county may contract only for  
26 computer software and with software providers, computer service  
27 providers, and equipment providers that are certified by the board  
28 under the rules described in subsection (a).

29 ~~The initial rules under this section must be adopted under~~  
30 ~~IC 4-22-2 before January 1, 1998. The rules adopted must use the~~  
31 ~~most recent data available at the time the rules are adopted for~~  
32 ~~establishing standards for determining reproduction cost,~~  
33 ~~depreciation, comparable sales, and income capitalization.~~

34 SECTION 44. IC 6-1.1-31.5-3, AS ADDED BY P.L.6-1997,  
35 SECTION 107, IS AMENDED TO READ AS FOLLOWS  
36 [EFFECTIVE JANUARY 1, 1999]: Sec. 3. (a) After December 31,  
37 1998, each county shall maintain a state certified computer system that  
38 has the capacity to:

- 39 (1) process and maintain assessment records;
- 40 (2) process and maintain standardized property tax forms;
- 41 (3) process and maintain standardized property assessment  
42 notices;



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- 1 (4) maintain complete and accurate assessment records for the
- 2 county; and
- 3 (5) process and compute complete and accurate assessments in
- 4 accordance with Indiana law.

5 The county assessor with the recommendation of the township  
 6 assessors shall select the computer system used by township assessors  
 7 and the county assessor in the county except in a county with a  
 8 township assessor elected under IC 36-6-5-1 in every township. In a  
 9 county with an elected township assessor under IC 36-6-5-1 in every  
 10 township, the county assessor shall select a computer system based on  
 11 a majority vote of the township assessors in the county.

12 (b) All information on the computer system shall be readily  
 13 accessible to:

- 14 (1) township assessors;
- 15 (2) the county assessor;
- 16 (3) the board; and
- 17 (4) members of the county property tax assessment board of
- 18 appeals.

19 (c) The certified system used by the counties must be compatible  
 20 with the data export and transmission requirements in a standard  
 21 format prescribed by the board. The certified system must be  
 22 maintained in a manner that ensures prompt and accurate transfer of  
 23 data to the board.

24 (d) All standardized property forms and notices on the certified  
 25 computer system shall be maintained by the township assessor and the  
 26 county assessor in an accessible location and in a format that is easily  
 27 understandable for use by persons of the county.

28 (e) **After December 31, 2001, the state certified computer system**  
 29 **maintained by each county must have the capacity to update before**  
 30 **March 15 of each year the following data:**

- 31 (1) **The cost of reproducing improvements.**
- 32 (2) **The depreciation of real property.**
- 33 (3) **The value of land as determined under IC 6-1.1-4-13.6.**
- 34 (4) **The productivity or earning capacity of land used for**
- 35 **agriculture as determined under IC 6-1.1-4-13.**

36 SECTION 45. IC 6-1.1-35.5-4 IS AMENDED TO READ AS  
 37 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 4. (a) The level  
 38 one examination shall be given in the month of July, and the level two  
 39 examination shall be given in the month of August. Both level  
 40 examinations also shall be offered annually immediately following the  
 41 conference of state board of tax commissioners and at any other times  
 42 that coordinate with ~~applicable courses of instruction.~~ **training**

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1 **sessions conducted under IC 6-1.1-35.2-2.** The state board of tax  
 2 commissioners may also give either or both examinations at other times  
 3 throughout the year.

4 (b) Examinations shall be held **annually** in Indianapolis ~~at a~~  
 5 ~~location~~ **and at not less than four (4) other convenient locations**  
 6 chosen by the state board of tax commissioners.

7 (c) **The state board of tax commissioners may not limit the**  
 8 **number of individuals who take the examination and shall provide**  
 9 **an opportunity for all enrollees at each session to take the**  
 10 **examination at that session.**

11 SECTION 46. IC 6-1.1-35.5-6 IS AMENDED TO READ AS  
 12 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 6. (a) The state  
 13 board of tax commissioners shall certify all persons who successfully  
 14 perform **on** an examination under this chapter and shall furnish them  
 15 with a certificate that prominently displays the name of the successful  
 16 examinee and the fact that he is a level one or level two certified  
 17 Indiana assessor-appraiser.

18 (b) **The state board of tax commissioners shall revoke the**  
 19 **certification of an individual if the state board reasonably**  
 20 **determines that the individual committed fraud or**  
 21 **misrepresentation with respect to the preparation, administration,**  
 22 **or taking of the examination. The state board of tax commissioners**  
 23 **shall give notice and hold a hearing to consider all the evidence**  
 24 **about the fraud or misrepresentation before revoking the**  
 25 **individual's certification.**

26 SECTION 47. IC 6-1.1-43-5 IS ADDED TO THE INDIANA CODE  
 27 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 28 1, 1998]: Sec. 5. (a) **The department of commerce shall adopt rules**  
 29 **under IC 4-22-2 to implement this chapter.**

30 (b) **The department of commerce shall annually prepare a**  
 31 **report on the implementation of this chapter. The report must be**  
 32 **submitted before December 31 each year to the following:**

- 33 (1) **The governor.**
- 34 (2) **The lieutenant governor.**
- 35 (3) **The general assembly.**

36 SECTION 48. IC 6-2.1-3-24.5, AS AMENDED BY P.L.18-1994,  
 37 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 38 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 24.5. (a) For purposes of  
 39 this section, "small business corporation" has the same definition that  
 40 term has in Section 1361(b) of the Internal Revenue Code. However,  
 41 a corporation is a small business corporation for the purposes of this  
 42 section even if one (1) of its shareholders is a qualified trust that forms



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1 a part of an employee stock ownership plan under Section 401(a) of the  
2 Internal Revenue Code.

3 (b) Except as provided in subsection (c), gross income received by  
4 a small business corporation is exempt from gross income tax.

5 (c) A small business corporation is not exempt from gross income  
6 tax under this section for a taxable year if for that taxable year  
7 twenty-five percent (25%) or more of the small business corporation's  
8 gross income consisted of passive investment income (as defined in  
9 Section ~~1362(d)(3)(D)~~ **1362(d)(3)(C)** of the Internal Revenue Code).

10 (d) Upon request of the department, a corporation that claims an  
11 exemption under this section shall provide the department with proof,  
12 on forms provided by the department, that the corporation was a small  
13 business corporation during the taxable year for which the exemption  
14 is claimed.

15 SECTION 49. IC 6-2.1-6-3.1 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]:  
17 Sec. 3.1. ~~(a) Notwithstanding section 3 of this chapter, this section~~  
18 ~~applies to taxable years beginning after December 31, 1993, and ending~~  
19 ~~before January 1, 1998.~~

20 ~~(b)~~ A withholding agent who is required to withhold gross income  
21 tax under ~~section 1-1 or 2-1~~ **section 1 or 2** of this chapter shall file a  
22 return and pay the amount of tax withheld to the department on April  
23 20, June 20, September 20, and December 20 of each calendar year.  
24 The return shall reflect the amount withheld for each taxpayer from  
25 gross income paid to the taxpayer. The withholding agent is  
26 indemnified against the claims and demands of any individual or entity  
27 for the amount of any payment made in accordance with this section.

28 SECTION 50. IC 6-3-1-3.5, AS AMENDED BY P.L.57-1997,  
29 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
30 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 3.5. When used in  
31 IC 6-3, the term "adjusted gross income" shall mean the following:

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

- 35 (1) Subtract income that is exempt from taxation under IC 6-3 by
- 36 the Constitution and statutes of the United States.
- 37 (2) Add an amount equal to any deduction or deductions allowed
- 38 or allowable pursuant to Section 62 of the Internal Revenue Code
- 39 for taxes based on or measured by income and levied at the state
- 40 level by any state of the United States or for taxes on property
- 41 levied by any subdivision of any state of the United States.
- 42 (3) Subtract one thousand dollars (\$1,000), or in the case of a



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- 1 joint return filed by a husband and wife, subtract for each spouse  
 2 one thousand dollars (\$1,000).  
 3 (4) Subtract one thousand dollars (\$1,000) for:  
 4 (A) each of the exemptions provided by Section 151(c) of the  
 5 Internal Revenue Code;  
 6 (B) each additional amount allowable under Section 63(f) of  
 7 the Internal Revenue Code; and  
 8 (C) the spouse of the taxpayer if a separate return is made by  
 9 the taxpayer, and if the spouse, for the calendar year in which  
 10 the taxable year of the taxpayer begins, has no gross income  
 11 and is not the dependent of another taxpayer.  
 12 (5) Subtract five hundred dollars (\$500) for each of the  
 13 exemptions allowed under Section 151(c)(1)(B) of the Internal  
 14 Revenue Code for taxable years beginning after December 31,  
 15 1996, and before January 1, 2001. This amount is in addition to  
 16 the amount subtracted under subdivision (4).  
 17 (6) Subtract an amount equal to the lesser of:  
 18 (A) that part of the individual's adjusted gross income (as  
 19 defined in Section 62 of the Internal Revenue Code) for that  
 20 taxable year that is subject to a tax that is imposed by a  
 21 political subdivision of another state and that is imposed on or  
 22 measured by income; or  
 23 (B) two thousand dollars (\$2,000).  
 24 (7) Add an amount equal to the total **ordinary income capital gain**  
 25 portion of a lump sum distribution (as defined in Section  
 26 ~~402(e)(4)(A)~~ **402(e)(4)(D)** of the Internal Revenue Code), if the  
 27 lump sum distribution is received by the individual during the  
 28 taxable year and if the **ordinary income capital gain** portion of the  
 29 distribution is taxed in the manner provided in Section ~~402(e)~~ **402**  
 30 of the Internal Revenue Code.  
 31 (8) Subtract any amounts included in federal adjusted gross  
 32 income under Internal Revenue Code Section 111 as a recovery  
 33 of items previously deducted as an itemized deduction from  
 34 adjusted gross income.  
 35 (9) Subtract any amounts included in federal adjusted gross  
 36 income under the Internal Revenue Code which amounts were  
 37 received by the individual as supplemental railroad retirement  
 38 annuities under 45 U.S.C. 231 and which are not deductible under  
 39 subdivision (1).  
 40 (10) Add an amount equal to the deduction allowed under Section  
 41 221 of the Internal Revenue Code for married couples filing joint  
 42 returns if the taxable year began before January 1, 1987.



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1 (11) Add an amount equal to the interest excluded from federal  
 2 gross income by the individual for the taxable year under Section  
 3 128 of the Internal Revenue Code, if the taxable year began  
 4 before January 1, 1985.

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

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

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

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

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

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

28 (3) Add an amount equal to any deduction or deductions allowed  
 29 or allowable pursuant to Section 63 of the Internal Revenue Code  
 30 for taxes based on or measured by income and levied at the state  
 31 level by any state of the United States or for taxes on property  
 32 levied by any subdivision of any state of the United States.

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

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

40 SECTION 51. IC 6-3-1-11, AS AMENDED BY P.L.60-1997,  
 41 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 42 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 11. (a) The term "Internal

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1 Revenue Code" means the Internal Revenue Code of 1986 of the  
2 United States as amended and in effect on January 1, ~~1997~~ **1998**.

3 (b) Whenever the Internal Revenue Code is mentioned in this  
4 article, the particular provisions that are referred to, together with all  
5 the other provisions of the Internal Revenue Code in effect on January  
6 1, ~~1997~~ **1998**, that pertain to the provisions specifically mentioned  
7 shall be regarded as incorporated in this article by reference and have  
8 the same force and effect as though fully set forth in this article. To the  
9 extent the provisions apply to this article, regulations adopted under  
10 Section 7805(a) of the Internal Revenue Code and in effect on January  
11 1, ~~1997~~ **1998**, shall be regarded as rules adopted by the department  
12 under this article, unless the department adopts specific rules that  
13 supersede the regulation.

14 (c) An amendment to the Internal Revenue Code made by an act  
15 passed by Congress before January 1, ~~1997~~ **1998**, that is effective for  
16 any taxable year that began before January 1, ~~1997~~ **1998**, and that  
17 affects:

- 18 (1) individual adjusted gross income (as defined in Section 62 of  
19 the Internal Revenue Code);
- 20 (2) corporate taxable income (as defined in Section 63 of the  
21 Internal Revenue Code);
- 22 (3) trust and estate taxable income (as defined in Section 641(b)  
23 of the Internal Revenue Code);
- 24 (4) life insurance company taxable income (as defined in Section  
25 801(b) of the Internal Revenue Code);
- 26 (5) mutual insurance company taxable income (as defined in  
27 Section 821(b) of the Internal Revenue Code); or
- 28 (6) taxable income (as defined in Section 832 of the Internal  
29 Revenue Code);

30 is also effective for that same taxable year for purposes of determining  
31 adjusted gross income under IC 6-3-1-3.5 and net income under  
32 IC 6-3-8-2(b).

33 SECTION 52. IC 6-3-2-8 IS AMENDED TO READ AS FOLLOWS  
34 [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 8. (a) For  
35 purposes of this section, "qualified employee" means an individual who  
36 is employed by a taxpayer or by an employer exempt from adjusted  
37 gross income tax (IC 6-3-1 through IC 6-3-7) under IC 6-3-2-2.8(3),  
38 ~~(4)~~ **IC 6-3-2-2.8(4)**, or ~~(5)~~ **IC 6-3-2-2.8(5)** and who:

- 39 (1) has the employee's principal place of residence in the  
40 enterprise zone in which the employee is employed;
- 41 (2) performs services for the taxpayer or employer, ninety percent  
42 (90%) of which are directly related to the conduct of the



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1 taxpayer's or employer's trade or business that is located in an  
 2 enterprise zone; and  
 3 (3) performs at least fifty percent (50%) of the employee's service  
 4 for the taxpayer or employer during the taxable year in the  
 5 enterprise zone.

6 **(b) For purposes of this section, "pass through entity" means a:**

7 **(1) corporation that is exempt from the adjusted gross income**  
 8 **tax under IC 6-3-2-2.8(2);**

9 **(2) partnership;**

10 **(3) trust;**

11 **(4) limited liability company; or**

12 **(5) limited liability partnership.**

13 **(c) For purposes of this section, "taxpayer" includes a pass**  
 14 **through entity.**

15 ~~(b)~~ **(d)** Except as provided in subsection ~~(c)~~, **(e)**, a qualified  
 16 employee is entitled to deduction from his adjusted gross income in  
 17 each taxable year in the amount of the lesser of:

18 (1) one-half (1/2) of his adjusted gross income for the taxable year  
 19 that he earns as a qualified employee; or

20 (2) seven thousand five hundred dollars (\$7,500).

21 ~~(c)~~ **(e)** No qualified employee is entitled to a deduction under this  
 22 section for a taxable year that begins after the termination of the  
 23 enterprise zone in which he resides.

24 SECTION 53. IC 6-3-3-10 IS AMENDED TO READ AS  
 25 FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]:  
 26 Sec. 10. (a) As used in this section:

27 "Base period wages" means wages paid or payable by a taxpayer to  
 28 its employees during the year that ends on the last day of the month that  
 29 immediately precedes the month in which an enterprise zone is  
 30 established, to the extent that the wages would have been qualified  
 31 wages if the enterprise zone had been in effect for that year. If the  
 32 taxpayer did not engage in an active trade or business during that year  
 33 in the area that is later designated as an enterprise zone, then the base  
 34 period wages equal zero (0). If the taxpayer engaged in an active trade  
 35 or business during only part of that year in an area that is later  
 36 designated as an enterprise zone, then the department shall determine  
 37 the amount of base period wages.

38 "Enterprise zone" means an enterprise zone created under  
 39 IC 4-4-6.1.

40 "Enterprise zone adjusted gross income" means adjusted gross  
 41 income of a taxpayer that is derived from sources within an enterprise  
 42 zone. Sources of adjusted gross income shall be determined with

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1 respect to an enterprise zone, to the extent possible, in the same manner  
 2 that sources of adjusted gross income are determined with respect to  
 3 the state of Indiana under IC 6-3-2-2.

4 "Enterprise zone gross income" means gross income of a taxpayer  
 5 that is derived from sources within an enterprise zone.

6 "Enterprise zone insurance premiums" means insurance premiums  
 7 derived from sources within an enterprise zone.

8 "Monthly base period wages" means base period wages divided by  
 9 twelve (12).

10 **"Pass through entity" means:**

11 **(1) a corporation that is exempt from the adjusted gross**  
 12 **income tax under IC 6-3-2-2.8(2);**

13 **(2) a partnership;**

14 **(3) a trust;**

15 **(4) a limited liability company; or**

16 **(5) a limited liability partnership.**

17 "Qualified employee" means an individual who is employed by a  
 18 taxpayer and who:

19 (1) has his principal place of residence in the enterprise zone in  
 20 which he is employed;

21 (2) performs services for the taxpayer, ninety percent (90%) of  
 22 which are directly related to the conduct of the taxpayer's trade or  
 23 business that is located in an enterprise zone; and

24 (3) performs at least fifty percent (50%) of his services for the  
 25 taxpayer during the taxable year in the enterprise zone.

26 "Qualified increased employment expenditures" means the  
 27 following:

28 (1) For a taxpayer's taxable year other than his taxable year in  
 29 which the enterprise zone is established, the amount by which  
 30 qualified wages paid or payable by the taxpayer during the taxable  
 31 year to qualified employees exceeds the taxpayer's base period  
 32 wages.

33 (2) For the taxpayer's taxable year in which the enterprise zone is  
 34 established, the amount by which qualified wages paid or payable  
 35 by the taxpayer during all of the full calendar months in the  
 36 taxpayer's taxable year that succeed the date on which the  
 37 enterprise zone was established exceed the taxpayer's monthly  
 38 base period wages multiplied by that same number of full  
 39 calendar months.

40 "Qualified state tax liability" means a taxpayer's total income tax  
 41 liability incurred under:

42 (1) IC 6-2.1 (gross income tax) with respect to enterprise zone

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1 gross income;

2 (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax) with  
3 respect to enterprise zone adjusted gross income;

4 (3) IC 27-1-18-2 (insurance premiums tax) with respect to  
5 enterprise zone insurance premiums; and

6 (4) IC 6-5.5 (the financial institutions tax);

7 as computed after the application of the credits that, under  
8 IC 6-3.1-1-2, are to be applied before the credit provided by this  
9 section.

10 "Qualified wages" means the wages paid or payable to qualified  
11 employees during a taxable year.

12 **"Taxpayer" includes a pass through entity.**

13 (b) A taxpayer is entitled to a credit against the taxpayer's qualified  
14 state tax liability for a taxable year in the amount of the lesser of:

15 (1) the product of ten percent (10%) multiplied by the qualified  
16 increased employment expenditures of the taxpayer for the  
17 taxable year; or

18 (2) one thousand five hundred dollars (\$1,500) multiplied by the  
19 number of qualified employees employed by the taxpayer during  
20 the taxable year.

21 (c) The amount of the credit provided by this section that a taxpayer  
22 uses during a particular taxable year may not exceed the taxpayer's  
23 qualified state tax liability for the taxable year. If the credit provided by  
24 this section exceeds the amount of that tax liability for the taxable year  
25 it is first claimed, then the excess may be carried back to preceding  
26 taxable years or carried over to succeeding taxable years and used as  
27 a credit against the taxpayer's qualified state tax liability for those  
28 taxable years. Each time that the credit is carried back to a preceding  
29 taxable year or carried over to a succeeding taxable year, the amount  
30 of the carryover is reduced by the amount used as a credit for that  
31 taxable year. Except as provided in subsection (e), the credit provided  
32 by this section may be carried forward and applied in the ten (10)  
33 taxable years that succeed the taxable year in which the credit accrues.  
34 The credit provided by this section may be carried back and applied in  
35 the three (3) taxable years that precede the taxable year in which the  
36 credit accrues.

37 (d) A credit earned by a taxpayer in a particular taxable year shall  
38 be applied against the taxpayer's qualified state tax liability for that  
39 taxable year before any credit carryover or carryback is applied against  
40 that liability under subsection (c).

41 (e) Notwithstanding subsection (c), if a credit under this section  
42 results from wages paid in a particular enterprise zone, and if that

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1 enterprise zone terminates in a taxable year that succeeds the last  
 2 taxable year in which a taxpayer is entitled to use the credit carryover  
 3 that results from those wages under subsection (c), then the taxpayer  
 4 may use the credit carryover for any taxable year up to and including  
 5 the taxable year in which the enterprise zone terminates.

6 (f) A taxpayer is not entitled to a refund of any unused credit.

7 (g) A taxpayer that:

8 (1) does not own, rent, or lease real property outside of an  
 9 enterprise zone that is an integral part of its trade or business; and

10 (2) is not owned or controlled directly or indirectly by a taxpayer  
 11 that owns, rents, or leases real property outside of an enterprise  
 12 zone;

13 is exempt from the allocation and apportionment provisions of this  
 14 section.

15 **(h) If a pass through entity is entitled to a credit under**  
 16 **subsection (b) but does not have state tax liability against which the**  
 17 **tax credit may be applied, an individual who is a shareholder,**  
 18 **partner, beneficiary, or member of the pass through entity is**  
 19 **entitled to a tax credit equal to:**

20 (1) the tax credit determined for the pass through entity for  
 21 the taxable year; multiplied by

22 (2) the percentage of the pass through entity's distributive  
 23 income to which the shareholder, partner, beneficiary, or  
 24 member is entitled.

25 **The credit provided under this subsection is in addition to a tax**  
 26 **credit to which a shareholder, partner, beneficiary, or member of**  
 27 **a pass through entity is entitled. However, a pass through entity**  
 28 **and an individual who is a shareholder, partner, beneficiary, or**  
 29 **member of a pass through entity may not claim more than one (1)**  
 30 **credit for the qualified expenditure.**

31 SECTION 54. IC 6-3-4-6 IS AMENDED TO READ AS FOLLOWS  
 32 [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 6. (a) Any  
 33 taxpayer, upon request by the department, shall furnish to the  
 34 department a true and correct copy of any tax return which he has filed  
 35 with the United States Internal Revenue Service which copy shall be  
 36 certified to by the taxpayer under penalties of perjury.

37 (b) Each taxpayer ~~except a resident individual~~, shall notify the  
 38 department of any modification of:

39 (1) a federal income tax ~~returned~~ **return** filed by the taxpayer  
 40 after January 1, 1978; or

41 (2) the taxpayer's federal income tax liability for a taxable year  
 42 which begins after December 31, 1977.



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1 The taxpayer shall file the notice, on the form prescribed by the  
2 department, within one hundred twenty (120) days after the  
3 modification is made.

4 SECTION 55. IC 6-3.1-10-4, AS AMENDED BY P.L.57-1996,  
5 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
6 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 4. (a) As used in this  
7 chapter, "taxpayer" means **the following:**

8 (1) Any individual that has any state tax liability.

9 (b) Notwithstanding subsection (a), for a credit for a qualified  
10 investment in a business located in an enterprise zone in a county  
11 having a population of more than one hundred thousand (100,000) but  
12 less than one hundred seven thousand (107,000); "taxpayer" includes  
13 a pass through entity:

14 (2) A corporation that has any state tax liability.

15 (3) A pass through entity (as defined in IC 6-3-3-10).

16 SECTION 56. IC 6-3.1-19 IS ADDED TO THE INDIANA CODE  
17 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
18 JANUARY 1, 1999]:

19 **Chapter 19. Community Revitalization Enhancement District**  
20 **Tax Credit**

21 **Sec. 1. As used in this chapter, "state and local tax liability"**  
22 **means a taxpayer's total tax liability incurred under:**

23 (1) IC 6-2.1 (the gross income tax);

24 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

25 (3) IC 6-3-8 (the supplemental corporate net income tax);

26 (4) IC 6-3.5-1.1 (county adjusted gross income tax);

27 (5) IC 6-3.5-6 (county option income tax);

28 (6) IC 6-3.5-7 (county economic development income tax);

29 (7) IC 6-5-10 (the bank tax);

30 (8) IC 6-5-11 (the savings and loan association tax);

31 (9) IC 6-5.5 (the financial institutions tax); and

32 (10) IC 27-1-18-2 (the insurance premiums tax);

33 as computed after the application of all credits that under  
34 IC 6-3.1-1-2 are to be applied before the credit provided by this  
35 chapter.

36 **Sec. 2. As used in this chapter, "qualified investment" means the**  
37 **amount of a taxpayer's expenditures that is:**

38 (1) for redevelopment or rehabilitation of property located  
39 within a community revitalization enhancement district  
40 designated under IC 36-7-13;

41 (2) made under a plan adopted by an advisory commission on  
42 industrial development under IC 36-7-13; and



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1           (3) approved by the department of commerce before the  
2           expenditure is made.

3           **Sec. 3. (a)** Subject to section 5 of this chapter, a taxpayer is  
4           entitled to a credit against the taxpayer's state and local tax  
5           liability for a taxable year if the taxpayer makes a qualified  
6           investment in that year.

7           (b) The amount of the credit to which a taxpayer is entitled is  
8           the qualified investment made by the taxpayer during the taxable  
9           year multiplied by twenty-five percent (25%).

10          (c) A taxpayer may assign any part of the credit to which the  
11          taxpayer is entitled under this chapter to a lessee of property  
12          redeveloped or rehabilitated under section 2 of this chapter. A  
13          credit that is assigned under this subsection remains subject to this  
14          chapter.

15          (d) An assignment under subsection (c) must be in writing and  
16          both the taxpayer and the lessee must report the assignment on  
17          their state tax return for the year in which the assignment is made,  
18          in the manner prescribed by the department. The taxpayer may  
19          not receive value in connection with the assignment under  
20          subsection (c) that exceeds the value of the part of the credit  
21          assigned.

22          **Sec. 4.** If the amount of the credit determined under section 3 of  
23          this chapter for a taxable year exceeds the taxpayer's state tax  
24          liability for that taxable year, the taxpayer may carry the excess  
25          over to the immediately following taxable years. The amount of the  
26          credit carryover from a taxable year shall be reduced to the extent  
27          that the carryover is used by the taxpayer to obtain a credit under  
28          this chapter for any subsequent taxable year. A taxpayer is not  
29          entitled to a carryback or refund of any unused credit.

30          **Sec. 5. (a)** Except as provided in subsection (b), a taxpayer is not  
31          entitled to claim the credit provided by this chapter to the extent  
32          that the taxpayer substantially reduces or ceases its operations in  
33          Indiana in order to relocate them within the district.

34          (b) Notwithstanding subsection (a), a taxpayer's substantial  
35          reduction or cessation of operations in Indiana in order to relocate  
36          operations to a district does not make a taxpayer ineligible for a  
37          credit under this chapter if:

- 38               (1) the taxpayer had existing operations in the district; and  
39               (2) the operations relocated to the district are an expansion of  
40               the taxpayer's operations in the district.

41          (c) A determination that a taxpayer is not entitled to the credit  
42          provided by this chapter as a result of a substantial reduction or

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1 cessation of operations applies to credits that would otherwise arise  
 2 in the taxable year in which the substantial reduction or cessation  
 3 occurs and in all subsequent years. Determinations under this  
 4 section shall be made by the department of state revenue.

5 **Sec. 6.** To receive the credit provided by this section, a taxpayer  
 6 must claim the credit on the taxpayer's annual state tax return or  
 7 returns in the manner prescribed by the department of state  
 8 revenue. The taxpayer shall submit to the department of state  
 9 revenue all information that the department determines is  
 10 necessary for the calculation of the credit provided by this chapter  
 11 and for the determination of whether an expenditure was for a  
 12 qualified investment.

13 **Sec. 7. (a)** The total amount of credits allowed under this  
 14 chapter may not exceed one million dollars (\$1,000,000) in a state  
 15 fiscal year.

16 (b) The department shall record the time of filing of each claim  
 17 for allowance of a credit under section 6 of this chapter and shall  
 18 approve the claims, if they otherwise qualify for a tax credit under  
 19 this chapter, in the chronological order in which the claims are  
 20 filed in the state fiscal year.

21 (c) When the total credits approved under this section equal the  
 22 maximum amount allowable in a state fiscal year, no claim  
 23 thereafter filed for that same fiscal year shall be approved.  
 24 However, if a taxpayer for whom a credit has been approved fails  
 25 to file the information required under section 6 of this chapter, an  
 26 amount equal to the credit previously allowed or set aside for the  
 27 taxpayer may be allowed to any subsequent taxpayer in the year.  
 28 In addition, the department may, if the taxpayer so requests,  
 29 approve a credit claim, in whole or in part, with respect to the next  
 30 succeeding state fiscal year.

31 **Sec. 8.** This chapter expires January 1, 2014.

32 SECTION 57. IC 6-3.5-7-6, AS AMENDED BY P.L.99-1995,  
 33 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 34 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 6. (a) The body imposing  
 35 the tax may decrease or increase the county economic development  
 36 income tax rate imposed upon the county taxpayers as long as the  
 37 resulting rate does not exceed the rates specified in section 5(b) and  
 38 5(c) or 5(g) of this chapter. **The rate imposed under this section must**  
 39 **be adopted at one (1) of the rates specified in section 5(b) of this**  
 40 **chapter.** To decrease or increase the rate, the appropriate body must,  
 41 after January 1 but before April 1 of a year, adopt an ordinance. The  
 42 ordinance must substantially state the following:

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1 "The \_\_\_\_\_ County \_\_\_\_\_ increases (decreases) the  
2 county economic development income tax rate imposed upon the  
3 county taxpayers of the county from \_\_\_\_\_ percent (\_\_\_%) to  
4 \_\_\_\_\_ percent (\_\_\_%). This tax rate increase (decrease) takes  
5 effect July 1 of this year."

6 (b) Any ordinance adopted under this section takes effect July 1 of  
7 the year the ordinance is adopted.

8 (c) The auditor of a county shall record all votes taken on  
9 ordinances presented for a vote under the authority of this section and  
10 immediately send a certified copy of the results to the department by  
11 certified mail.

12 SECTION 58. IC 6-5.5-1-2, AS AMENDED BY P.L.28-1997,  
13 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
14 JANUARY 1, 1997 (RETROACTIVE)]: Sec. 2. (a) Except as provided  
15 in subsections (b) through (d), "adjusted gross income" means taxable  
16 income as defined in Section 63 of the Internal Revenue Code, adjusted  
17 as follows:

- 18 (1) Add the following amounts:
  - 19 (A) An amount equal to a deduction allowed or allowable
  - 20 under Section 166, Section 585, or Section 593 of the Internal
  - 21 Revenue Code.
  - 22 (B) An amount equal to a deduction allowed or allowable
  - 23 under Section 170 of the Internal Revenue Code.
  - 24 (C) An amount equal to a deduction or deductions allowed or
  - 25 allowable under Section 63 of the Internal Revenue Code for
  - 26 taxes based on or measured by income and levied at the state
  - 27 level by a state of the United States or levied at the local level
  - 28 by any subdivision of a state of the United States, or for taxes
  - 29 on property levied by a state or a subdivision of a state of the
  - 30 United States.
  - 31 (D) The amount of interest excluded under Section 103 of the
  - 32 Internal Revenue Code or under any other federal law, minus
  - 33 the associated expenses disallowed in the computation of
  - 34 taxable income under Section 265 of the Internal Revenue
  - 35 Code.
  - 36 (E) An amount equal to the deduction allowed under Section
  - 37 172 or 1212 of the Internal Revenue Code for net operating
  - 38 losses or net capital losses.
  - 39 (F) For a taxpayer that is not a large bank (as defined in
  - 40 Section 585(c)(2) of the Internal Revenue Code), an amount
  - 41 equal to the recovery of a debt, or part of a debt, that becomes
  - 42 worthless to the extent a deduction was allowed from gross

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- 1 income in a prior taxable year under Section 166(a) of the  
 2 Internal Revenue Code.
- 3 (2) Subtract the following amounts:
- 4 (A) Income that the United States Constitution or any statute  
 5 of the United States prohibits from being used to measure the  
 6 tax imposed by this chapter.
- 7 (B) Income that is derived from sources outside the United  
 8 States, as defined by the Internal Revenue Code.
- 9 (C) An amount equal to a debt or part of a debt that becomes  
 10 worthless, as permitted under Section 166(a) of the Internal  
 11 Revenue Code.
- 12 (D) An amount equal to any bad debt reserves that are  
 13 included in federal income because of accounting method  
 14 changes required by Section 585(c)(3)(A) or **Section 593** of  
 15 the Internal Revenue Code.
- 16 (b) In the case of a credit union, "adjusted gross income" for a  
 17 taxable year means the total transfers to undivided earnings minus  
 18 dividends for that taxable year after statutory reserves are set aside  
 19 under IC 28-7-1-24.
- 20 (c) In the case of an investment company, "adjusted gross income"  
 21 means the company's federal taxable income multiplied by the quotient  
 22 of:
- 23 (1) the aggregate of the gross payments collected by the company  
 24 during the taxable year from old and new business upon  
 25 investment contracts issued by the company and held by residents  
 26 of Indiana; divided by
- 27 (2) the total amount of gross payments collected during the  
 28 taxable year by the company from the business upon investment  
 29 contracts issued by the company and held by persons residing  
 30 within Indiana and elsewhere.
- 31 (d) As used in subsection (c), "investment company" means a  
 32 person, copartnership, association, limited liability company, or  
 33 corporation, whether domestic or foreign, that:
- 34 (1) is registered under the Investment Company Act of 1940 (15  
 35 U.S.C. 80a-1 et seq.); and
- 36 (2) solicits or receives a payment to be made to itself and issues  
 37 in exchange for the payment:
- 38 (A) a so-called bond;
- 39 (B) a share;
- 40 (C) a coupon;
- 41 (D) a certificate of membership;
- 42 (E) an agreement;

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1 (F) a pretended agreement; or  
 2 (G) other evidences of obligation;  
 3 entitling the holder to anything of value at some future date, if the  
 4 gross payments received by the company during the taxable year  
 5 on outstanding investment contracts, plus interest and dividends  
 6 earned on those contracts (by prorating the interest and dividends  
 7 earned on investment contracts by the same proportion that  
 8 certificate reserves (as defined by the Investment Company Act  
 9 of 1940) is to the company's total assets) is at least fifty percent  
 10 (50%) of the company's gross payments upon investment  
 11 contracts plus gross income from all other sources except  
 12 dividends from subsidiaries for the taxable year. The term  
 13 "investment contract" means an instrument listed in clauses (A)  
 14 through (G).

15 SECTION 59. IC 6-5.5-1-17 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]:  
 17 Sec. 17. (a) "Taxpayer" means a corporation that is transacting the  
 18 business of a financial institution in Indiana, including any of the  
 19 following:

- 20 (1) A holding company.
- 21 (2) A regulated financial corporation.
- 22 (3) A subsidiary of a holding company or regulated financial  
 23 corporation.
- 24 (4) Any other corporation organized under the laws of the United  
 25 States, this state, another taxing jurisdiction, or a foreign  
 26 government that is carrying on the business of a financial  
 27 institution.

28 (b) As used in this section, "holding company" means a corporation  
 29 registered under the Bank Holding Company Act of 1956 (12 U.S.C.  
 30 1841 through 1849), as in effect on December 31, 1990, or registered  
 31 as a savings and loan holding company other than a diversified savings  
 32 and loan holding company (as defined in Section 10(a)(F) of the Home  
 33 Owners' Loan Act of 1933 (12 U.S.C. 1467a(1)(F)), as in effect on  
 34 December 31, 1990).

- 35 (c) As used in this section, "regulated financial corporation" means:
- 36 (1) an institution, the deposits, shares, or accounts of which are  
 37 insured under the Federal Deposit Insurance Act (12 U.S.C. 1811  
 38 through 1833e), as in effect on December 31, 1990;
  - 39 (2) an institution that is a member of a Federal Home Loan Bank;
  - 40 (3) any other bank or thrift institution incorporated or organized  
 41 under the laws of a state that is engaged in the business of  
 42 receiving deposits;



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- 1 (4) a credit union incorporated and organized under the laws of  
 2 this state;
- 3 (5) a production credit association organized under 12 U.S.C.  
 4 2071, as in effect on December 31, 1990;
- 5 (6) a corporation organized under 12 U.S.C. 611 through 631 (an  
 6 Edge Act corporation), as in effect on December 31, 1990;
- 7 (7) a federal or state agency or branch of a foreign bank (as  
 8 defined in 12 U.S.C. 3101, as in effect on December 31, 1990); or
- 9 (8) a trust company formed under ~~IC 28-1-4~~ **IC 28-12**.
- 10 (d) For purposes of this section and when used in this article,  
 11 "business of a financial institution" means the following:
- 12 (1) For a holding company, a regulated financial corporation, or  
 13 a subsidiary of either, the activities that each is authorized to  
 14 perform under federal or state law, including the activities  
 15 authorized by regulation or order of the Federal Reserve Board for  
 16 such a subsidiary under Section 4(c)(8) of the Bank Holding  
 17 Company Act of 1956 (12 U.S.C. 1843(c)(8)), as in effect on  
 18 December 31, 1990.
- 19 (2) For any other corporation described in subsection (a)(4), all of  
 20 the corporation's business activities if eighty percent (80%) or  
 21 more of the corporation's gross income, excluding extraordinary  
 22 income, is derived from one (1) or more of the following  
 23 activities:
- 24 (A) Making, acquiring, selling, or servicing loans or  
 25 extensions of credit. For the purpose of this subdivision, loans  
 26 and extensions of credit include:
- 27 (i) secured or unsecured consumer loans;
- 28 (ii) installment obligations;
- 29 (iii) mortgage or other secured loans on real estate or  
 30 tangible personal property;
- 31 (iv) credit card loans;
- 32 (v) secured and unsecured commercial loans of any type;
- 33 (vi) letters of credit and acceptance of drafts;
- 34 (vii) loans arising in factoring; and
- 35 (viii) any other transactions with a comparable economic  
 36 effect.
- 37 (B) Leasing or acting as an agent, broker, or advisor in  
 38 connection with leasing real and personal property that is the  
 39 economic equivalent of the extension of credit if the  
 40 transaction is not treated as a lease for federal income tax  
 41 purposes.
- 42 (C) Operating a credit card, debit card, charge card, or similar

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1 business.

2 As used in this subdivision, "gross income" includes income from  
3 interest, fees, penalties, a market discount or other type of  
4 discount, rental income, the gain on a sale of intangible or other  
5 property evidencing a loan or extension of credit, and dividends  
6 or other income received as a means of furthering the activities  
7 set out in this subdivision.

8 SECTION 60. IC 6-6-5-10 IS AMENDED TO READ AS  
9 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 10. (a) The  
10 bureau shall establish procedures necessary for the collection of the tax  
11 imposed by this chapter and for the proper accounting for the same.  
12 The necessary forms and records shall be subject to approval by the  
13 state board of accounts.

14 (b) The county treasurer upon receiving the excise tax collections  
15 shall receipt such collections into a separate account for settlement  
16 thereof at the same time as property taxes are accounted for and settled  
17 in June and December of each year, with the right and duty of the  
18 treasurer and auditor to make advances prior to the time of final  
19 settlement of such property taxes in the same manner as provided in  
20 IC 5-13-6-3.

21 (c) The county auditor shall determine the total amount of excise  
22 taxes collected for each taxing unit in the county and the amount so  
23 collected shall be apportioned and distributed among the respective  
24 funds of each taxing unit in the same manner and at the same time as  
25 property taxes are apportioned and distributed.

26 (d) Such determination shall be made from copies of vehicle  
27 registration forms furnished by the bureau of motor vehicles. Prior to  
28 such determination, the county ~~assessor~~ **auditor** of each county shall,  
29 from copies of registration forms, cause information pertaining to legal  
30 residence of persons owning taxable vehicles to be verified ~~from his~~  
31 ~~records, to the extent such verification can be so made. He and~~ shall  
32 further identify and verify ~~from his records~~ the several taxing units  
33 within which such persons reside.

34 ~~(e) Such verifications shall be done by not later than thirty (30) days~~  
35 ~~after receipt of vehicle registration forms by the county assessor, and~~  
36 ~~the assessor shall certify such information to the county auditor for his~~  
37 ~~use as soon as it is checked and completed.~~

38 SECTION 61. IC 6-8.1-1-1, AS AMENDED BY P.L.61-1996,  
39 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
40 JULY 1, 1998]: Sec. 1. "Listed taxes" or "taxes" includes only the  
41 pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat  
42 admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13);

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1 the gross income tax (IC 6-2.1); the state gross retail and use taxes (IC  
 2 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net  
 3 income tax (IC 6-3-8); the county adjusted gross income tax (IC  
 4 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county  
 5 economic development income tax (IC 6-3.5-7); the auto rental excise  
 6 tax (IC 6-6-9); the bank tax (IC 6-5-10); the savings and loan  
 7 association tax (IC 6-5-11); the production credit association tax (IC  
 8 6-5-12); the financial institutions tax (IC 6-5.5); the gasoline tax (IC  
 9 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax  
 10 (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax  
 11 collected under a reciprocal agreement under IC 6-8.1-3; the motor  
 12 vehicle excise tax (IC 6-6-5); the hazardous waste disposal tax (IC  
 13 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2);  
 14 the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); **the**  
 15 **hard cider excise tax (IC 7.1-4-4.5)**; the malt excise tax (IC 7.1-4-5);  
 16 the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes  
 17 (IC 6-9); the various county food and beverage taxes (IC 6-9); the  
 18 county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee  
 19 (IC 16-44-2); the emergency and hazardous chemical inventory form  
 20 fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3  
 21 and IC 9-30); the fees and penalties assessed for overweight vehicles  
 22 (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23);  
 23 the solid waste management fee (IC 13-20-22); and any other tax or fee  
 24 that the department is required to collect or administer.

25 SECTION 62. IC 6-8.1-6-4.5 IS ADDED TO THE INDIANA  
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 27 [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: **Sec. 4.5. A**  
 28 **taxpayer that is required under IC 6-3-4-1 to file a return may**  
 29 **round to the nearest whole dollar an amount or item reported on**  
 30 **the return. The following apply if an amount or item is rounded:**

31 **(1) An amount or item of at least fifty cents (\$0.50) must be**  
 32 **rounded up to the nearest whole dollar.**

33 **(2) An amount or item of less than fifty cents (\$0.50) must be**  
 34 **rounded down to the nearest whole dollar.**

35 SECTION 63. IC 6-8.1-7-1, AS AMENDED BY P.L.67-1996,  
 36 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 1998]: Sec. 1. (a) This subsection does not apply to the  
 38 disclosure of information concerning a conviction on a tax evasion  
 39 charge. Unless in accordance with a judicial order or as otherwise  
 40 provided in this chapter, the department, its employees, former  
 41 employees, counsel, agents, or any other person may not divulge the  
 42 amount of tax paid by any taxpayer, terms of a settlement agreement



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1 executed between a taxpayer and the department, investigation records,  
 2 investigation reports, or any other information disclosed by the reports  
 3 filed under the provisions of the law relating to any of the listed taxes,  
 4 including required information derived from a federal return, except to:

- 5 (1) members and employees of the department;
- 6 (2) the governor;
- 7 (3) the attorney general or any other legal representative of the  
 8 state in any action in respect to the amount of tax due under the  
 9 provisions of the law relating to any of the listed taxes; or
- 10 (4) any authorized officers of the United States;

11 when it is agreed that the information is to be confidential and to be  
 12 used solely for official purposes.

13 (b) The information described in subsection (a) may be revealed  
 14 upon the receipt of a certified request of any designated officer of the  
 15 state tax department of any other state, district, territory, or possession  
 16 of the United States when:

- 17 (1) the state, district, territory, or possession permits the exchange  
 18 of like information with the taxing officials of the state; and
- 19 (2) it is agreed that the information is to be confidential and to be  
 20 used solely for tax collection purposes.

21 (c) The information described in subsection (a) relating to a person  
 22 on public welfare or a person who has made application for public  
 23 welfare may be revealed to the director of the division of family and  
 24 children, and to any county director of family and children located in  
 25 Indiana, upon receipt of a written request from either director for the  
 26 information. The information shall be treated as confidential by the  
 27 directors. In addition, the information described in subsection (a)  
 28 relating to a person who has been designated as an absent parent by the  
 29 state Title IV-D agency shall be made available to the state Title IV-D  
 30 agency upon request. The information shall be subject to the  
 31 information safeguarding provisions of the state and federal Title IV-D  
 32 programs.

33 (d) The name, address, Social Security number, and place of  
 34 employment relating to any individual who is delinquent in paying  
 35 educational loans owed to an institution of higher education may be  
 36 revealed to that institution if it provides proof to the department that the  
 37 individual is delinquent in paying for educational loans. This  
 38 information shall be provided free of charge to approved institutions of  
 39 higher learning (as defined by IC 20-12-21-3(2)). The department shall  
 40 establish fees that all other institutions must pay to the department to  
 41 obtain information under this subsection. However, these fees may not  
 42 exceed the department's administrative costs in providing the



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1 information to the institution.

2 (e) The information described in subsection (a) relating to reports  
3 submitted under IC 6-6-1.1-502 concerning the number of gallons of  
4 gasoline sold by a distributor, and IC 6-6-2.5 concerning the number of  
5 gallons of special fuel sold by a supplier and the number of gallons of  
6 special fuel exported by a licensed exporter or imported by a licensed  
7 transporter may be released by the commissioner upon receipt of a  
8 written request for the information.

9 (f) The information described in subsection (a) may be revealed  
10 upon the receipt of a written request from the administrative head of a  
11 state agency of Indiana when:

- 12 (1) the state agency shows an official need for the information;  
13 and  
14 (2) the administrative head of the state agency agrees that any  
15 information released will be kept confidential and will be used  
16 solely for official purposes.

17 (g) The name and address of retail merchants, including township,  
18 as specified in IC 6-2.5-8-1(h) may be released solely for tax collection  
19 purposes to township assessors.

20 (h) The department shall notify the appropriate innkeepers' tax  
21 board, bureau, or commission that a taxpayer is delinquent in remitting  
22 innkeepers' taxes under IC 6-9.

23 (i) All information relating to the delinquency or evasion of the  
24 motor vehicle excise tax shall be disclosed to the bureau of motor  
25 vehicles in Indiana and may be disclosed to another state, if the  
26 information is disclosed for the purpose of the enforcement and  
27 collection of the taxes imposed by IC 6-6-5.

28 (j) This section does not apply to:

- 29 (1) the beer excise tax (IC 7.1-4-2);  
30 (2) the liquor excise tax (IC 7.1-4-3);  
31 (3) the wine excise tax (IC 7.1-4-4);  
32 (4) **the hard cider excise tax (IC 7.1-4-4.5);**  
33 (5) the malt excise tax (IC 7.1-4-5);  
34 ~~(5)~~ (6) the motor vehicle excise tax (IC 6-6-5); and  
35 ~~(6)~~ (7) the fees under IC 13-23.

36 SECTION 64. IC 6-8.1-9-1 IS AMENDED TO READ AS  
37 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 1. (a) If a person  
38 has paid more tax than the person determines is legally due for a  
39 particular taxable period, the person may file a claim for a refund with  
40 the department. **Except as provided in subsections (f) and (g),** in  
41 order to obtain the refund, the person must file the claim with the  
42 department within three (3) years after the latter of the following:

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1 (1) The due date of the return.

2 (2) The date of payment.

3 For purposes of this section, the due date for a return filed for the state  
4 gross retail or use tax, the gasoline tax, the special fuel tax, the motor  
5 carrier fuel tax, the oil inspection fee, or the petroleum severance tax  
6 is the end of the calendar year which contains the taxable period for  
7 which the return is filed. The claim must set forth the amount of the  
8 refund to which the person is entitled and the reasons that the person  
9 is entitled to the refund.

10 (b) When the department receives a claim for refund, the  
11 department shall consider the claim for refund and may hold a hearing  
12 on the claim for refund to obtain and consider additional evidence.  
13 After considering the claim and all evidence relevant to the claim, the  
14 department shall issue a decision on the claim, stating the part, if any,  
15 of the refund allowed and containing a statement of the reasons for any  
16 part of the refund that is denied. The department shall mail a copy of  
17 the decision to the person who filed the claim. If the department allows  
18 the full amount of the refund claim, a warrant for the payment of the  
19 claim is sufficient notice of the decision.

20 (c) If the person disagrees with any part of the department's  
21 decision, he may appeal the decision, regardless of whether or not he  
22 protested the tax payment or whether or not the person has accepted a  
23 refund. The person must file the appeal with the tax court. The tax  
24 court does not have jurisdiction to hear a refund appeal suit, if:

25 (1) the appeal is filed more than three (3) years after the date the  
26 claim for refund was filed with the department;

27 (2) the appeal is filed more than ninety (90) days after the date the  
28 department mails the decision of denial to the person; or

29 (3) the appeal is filed both before the decision is issued and  
30 before the one hundred eighty-first day after the date the person  
31 files the claim for refund with the department.

32 (d) The tax court shall hear the appeal de novo and without a jury,  
33 and after the hearing may order or deny any part of the appealed  
34 refund. The court may assess the court costs in any manner that it feels  
35 is equitable. The court may enjoin the collection of any of the listed  
36 taxes under IC 33-3-5-11. The court may also allow a refund of taxes,  
37 interest, and penalties that have been paid to and collected by the  
38 department.

39 (e) With respect to the motor vehicle excise tax, this section applies  
40 only to penalties and interest paid on assessments of the motor vehicle  
41 excise tax. Any other overpayment of the motor vehicle excise tax is  
42 subject to IC 6-6-5.



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1 (f) If a taxpayer's federal income tax liability for a taxable year  
2 is modified by the Internal Revenue Service, and the modification  
3 would result in a reduction of the tax legally due, the due date by  
4 which the taxpayer must file a claim for refund with the  
5 department is the later of:

- 6 (1) the date determined under subsection (a); or
- 7 (2) the date that is six (6) months after the date on which the
- 8 taxpayer is notified of the modification by the Internal
- 9 Revenue Service.

10 (g) If an agreement to extend the assessment time period is  
11 entered into under IC 6-8.1-5-2(e), the period during which a  
12 person may file a claim for a refund under subsection (a) is  
13 extended to the same date to which the assessment time period is  
14 extended.

15 SECTION 65. IC 6-9-29-1.5 IS ADDED TO THE INDIANA CODE  
16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
17 1, 1998]: Sec. 1.5. (a) Unless otherwise provided in this article, a  
18 county fiscal body that adopts an ordinance to impose, rescind, or  
19 increase or decrease the rate of a county innkeeper's tax must  
20 specify the effective date of the ordinance to provide that the  
21 ordinance takes effect:

- 22 (1) at least thirty (30) days after the adoption of the
- 23 ordinance; and
- 24 (2) on the first day of a month.

25 (b) If a county fiscal body adopts an ordinance described in  
26 subsection (a), it must immediately send a certified copy of the  
27 ordinance to the commissioner of the department of state revenue.

28 SECTION 66. IC 7.1-1-3-9.5 IS ADDED TO THE INDIANA  
29 CODE AS A NEW SECTION TO READ AS FOLLOWS  
30 [EFFECTIVE JULY 1, 1998]: Sec. 9.5. The term "hard cider" means  
31 an alcoholic beverage that:

- 32 (1) is made from the normal alcoholic fermentation of the
- 33 juice of sound, ripe apples; and
- 34 (2) contains at least one-half of one percent (0.5%) of alcohol
- 35 by volume and not more than seven percent (7%) of alcohol
- 36 by volume.

37 The term includes flavored, sparkling, or carbonated cider and  
38 cider made from condensed apple.

39 SECTION 67. IC 7.1-1-3-49 IS AMENDED TO READ AS  
40 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 49. ~~Wine~~. The term  
41 "wine" means an alcoholic beverage obtained by the fermentation of  
42 the natural sugar content of fruit, fruit juice, or other agricultural

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1 products containing sugar, including necessary additions to correct  
 2 defects due to climatic, saccharine, and seasonal conditions, and also  
 3 the alcoholic fortification of the beverage. **The term includes hard**  
 4 **cider, except for alcoholic beverage tax purposes.** The term does not  
 5 mean an alcoholic beverage that contains twenty-one percent (21%), or  
 6 more, of absolute alcohol reckoned by volume.

7 SECTION 68. IC 7.1-4-4-1 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. An excise tax at the  
 9 rate of forty-seven cents (\$0.47) a gallon is imposed upon the  
 10 manufacture and sale or gift, or withdrawal for sale or gift, of wine,  
 11 **except hard cider**, within this state.

12 SECTION 69. IC 7.1-4-4.5 IS ADDED TO THE INDIANA CODE  
 13 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 14 JULY 1, 1998]:

15 **Chapter 4.5. Hard Cider Excise Tax**

16 **Sec. 1. An excise tax at the rate of eleven and one-half cents**  
 17 **(\$0.115) a gallon is imposed upon the manufacture and sale or gift,**  
 18 **or withdrawal for sale or gift, of hard cider within Indiana.**

19 **Sec. 2. The hard cider excise tax applies only to hard cider. An**  
 20 **alcoholic beverage that is subject to the hard cider excise tax is not**  
 21 **subject to the liquor excise tax or the wine excise tax.**

22 **Sec. 3. The hard cider excise tax shall be paid by the holder of**  
 23 **a vintner's permit, a small winery permit, a wine wholesaler's**  
 24 **permit, a dining car wine permit, or a boat wine permit on the**  
 25 **hard cider to which the tax is applicable and that is manufactured**  
 26 **or imported by the person into this state. However, an item may**  
 27 **only be taxed once for hard cider excise tax purposes.**

28 **Sec. 4. The commission and the department may adopt rules and**  
 29 **maintain gauges in a winery, small winery, or a wholesaler's**  
 30 **premises for the proper gauging of the alcoholic beverages to**  
 31 **which the hard cider excise tax is applicable and the assessment of**  
 32 **that tax.**

33 **Sec. 5. (a) All sales of hard cider made by a primary source of**  
 34 **supply to a wine wholesaler must at the time of the sale be**  
 35 **accompanied by an invoice that shows the following:**

- 36 (1) The name and address of seller and purchaser.
- 37 (2) The date of disposition.
- 38 (3) The name or names of each brand sold.
- 39 (4) The number of packages, if any.
- 40 (5) The number of cases by size of bottle.
- 41 (6) The quantity of each kind of alcoholic beverage sold.

42 (b) The primary source of supply shall send a copy of the invoice



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1 **to the department of revenue and the commission at the time of the**  
 2 **sale.**

3 SECTION 70. IC 7.1-4-7-5, AS AMENDED BY P.L.72-1996,  
 4 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 5 JULY 1, 1998]: Sec. 5. The department shall deposit:

6 (1) four cents (\$0.04) of the beer excise tax rate collected on each  
 7 gallon of beer or flavored malt beverage;

8 (2) one dollar (\$1) of the liquor excise tax rate collected on each  
 9 gallon of liquor;

10 (3) twenty cents (\$0.20) of the wine excise tax rate collected on  
 11 each gallon of wine; ~~and~~

12 (4) the entire amount of malt excise tax collected; **and**

13 **(5) the entire amount of hard cider excise tax collected;**

14 daily with the treasurer of state and not later than the fifth day of the  
 15 following month shall cover them into the general fund of the state for  
 16 distribution as provided in this chapter.

17 SECTION 71. IC 20-5-7-6 IS ADDED TO THE INDIANA CODE  
 18 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE  
 19 JANUARY 1, 1999]: **Sec. 6. The county auditor shall make**  
 20 **available to the treasurer, or the treasurer's designee, of each**  
 21 **school corporation in the county the tax duplicates held by the**  
 22 **county auditor and county treasurer.**

23 SECTION 72. IC 36-2-5-3 IS AMENDED TO READ AS  
 24 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 3. (a) The county  
 25 fiscal body shall fix the compensation of officers, deputies, and other  
 26 employees whose compensation is payable from the county general  
 27 fund, county highway fund, county health fund, county park and  
 28 recreation fund, aviation fund, or any other fund from which the county  
 29 auditor issues warrants for compensation. This includes the power to:

30 (1) fix the number of officers, deputies, and other employees;

31 (2) describe and classify positions and services;

32 (3) adopt schedules of compensation; and

33 (4) hire or contract with persons to assist in the development of  
 34 schedules of compensation.

35 **(b) The county fiscal body shall fix the compensation of a county**  
 36 **assessor who has attained a level two certification under**  
 37 **IC 6-1.1-35.5 at an amount that is one thousand dollars (\$1,000)**  
 38 **more than the compensation of an assessor who has not attained a**  
 39 **level two certification.**

40 ~~(b)~~ (c) Notwithstanding subsection (a), the board of each local  
 41 health department shall prescribe the duties of all its officers and  
 42 employees, recommend the number of positions, describe and classify



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1 positions and services, adopt schedules of compensation, and hire and  
2 contract with persons to assist in the development of schedules of  
3 compensation.

4 (e) (d) This section does not apply to community corrections  
5 programs (as defined in IC 11-12-1-1 and IC 35-38-2.6-2).

6 SECTION 73. IC 36-2-7-13, AS AMENDED BY P.L.253-1997(ss),  
7 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 1997 (RETROACTIVE)]: Sec. 13. The county fiscal body  
9 may grant to the county assessor, in addition to the compensation fixed  
10 under IC 36-2-5, a per diem for each day that the assessor is engaged  
11 in general reassessment activities, **including service on the county**  
12 **land valuation commission.** This section applies regardless of whether  
13 professional assessing services are provided under a contract to one (1)  
14 or more townships in the county.

15 SECTION 74. IC 36-4-10-5 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 5. (a) This section  
17 applies to second class cities.

18 (b) The fiscal officer is the head of the city department of finance.  
19 The fiscal officer shall do the following:

- 20 (1) Prescribe the form of reports and accounts to be submitted to
- 21 the department.
- 22 (2) Sign and issue all warrants on the city treasury.
- 23 (3) Audit and revise all accounts and trusts in which the city is
- 24 concerned.
- 25 (4) Keep separate accounts for each item of appropriation made
- 26 for each city department, including a statement showing the
- 27 amount drawn on each appropriation, the unpaid contracts
- 28 charged against it, and the balance remaining.
- 29 (5) At the end of each fiscal year, submit under oath to the city
- 30 legislative body a report of the accounts of the city published in
- 31 pamphlet form and showing revenues, receipts, expenditures, and
- 32 the sources of revenues.
- 33 (6) Maintain custody of the records of the department and turn
- 34 them over to the fiscal officer's successor in office.
- 35 (7) Perform duties prescribed by statute concerning the
- 36 negotiation of city bonds, notes, and warrants.
- 37 (8) Keep a register of bonds of the city and of transfers of those
- 38 bonds.
- 39 (9) Manage the finances and accounts of the city and make
- 40 investments of city money, subject to the ordinances of the
- 41 legislative body.
- 42 (10) Issue city licenses on payment of the license fee.

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- 1 (11) Collect fees as fixed by ordinance.
- 2 (12) Pay into the city treasury, once each week, all fees and other
- 3 city money collected by the department during the preceding
- 4 week, specifying the source of each item.
- 5 (13) Prescribe payroll and account forms for all city offices.
- 6 (14) Prescribe the manner in which salaries shall be drawn.
- 7 (15) Prescribe the manner in which creditors, officers, and
- 8 employees shall be paid.
- 9 (16) Provide that all salaries are payable monthly, unless the
- 10 legislative body establishes more frequent payments.
- 11 (17) Notify the city executive of the failure of any city officer to
- 12 collect money due the city or to pay city money into the city
- 13 treasury.
- 14 (18) Draw warrants on the city treasury for miscellaneous city
- 15 expenditures not made under the direction of a department and
- 16 not specifically fixed by statute.
- 17 **(19) Examine for proper form concerning city taxes the tax**
- 18 **duplicates held by the county auditor and county treasurer.**
- 19 **(20) Examine property tax assessments for proper form**
- 20 **concerning city taxes.**

21 SECTION 75. IC 36-6-8-5, AS AMENDED BY P.L.6-1997,  
 22 SECTION 207, IS AMENDED TO READ AS FOLLOWS  
 23 [EFFECTIVE JANUARY 1, 1999]: Sec. 5. (a) When performing the  
 24 real property reassessment duties prescribed by IC 6-1.1-4, an elected  
 25 township assessor may receive per diem compensation, in addition to  
 26 salary, at a rate fixed by the county fiscal body, for each day that he is  
 27 engaged in reassessment activities, **including service on the county**  
 28 **land valuation commission.**

29 (b) Subsection (a) applies regardless of whether professional  
 30 assessing services are provided to a township under contract.

31 SECTION 76. IC 36-7-13-1.6 IS ADDED TO THE INDIANA  
 32 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 33 [EFFECTIVE JULY 1, 1998]: **Sec. 1.6. As used in this chapter,**  
 34 **"district" refers to a community revitalization enhancement**  
 35 **district designated under section 12 of this chapter.**

36 SECTION 77. IC 36-7-13-2.4 IS ADDED TO THE INDIANA  
 37 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 38 [EFFECTIVE JULY 1, 1998]: **Sec. 2.4. As used in this chapter,**  
 39 **"gross retail base period amount" means the aggregate amount of**  
 40 **state gross retail and use taxes remitted under IC 6-2.5 by the**  
 41 **businesses operating in the territory comprising a district during**  
 42 **the full state fiscal year that precedes the date on which an**

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1 **advisory commission on industrial development adopted a**  
 2 **resolution designating the district.**

3 SECTION 78. IC 36-7-13-2.6 IS ADDED TO THE INDIANA  
 4 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 5 [EFFECTIVE JULY 1, 1998]: **Sec. 2.6. As used in this chapter,**  
 6 **"gross retail incremental amount" means the remainder of:**

7 (1) **the aggregate amount of state gross retail and use taxes**  
 8 **that are remitted under IC 6-2.5 by businesses operating in a**  
 9 **district during a state fiscal year; minus**

10 (2) **the gross retail base period amount;**

11 **as determined by the department of state revenue under section 14**  
 12 **of this chapter.**

13 SECTION 79. IC 36-7-13-3.2 IS ADDED TO THE INDIANA  
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 15 [EFFECTIVE JULY 1, 1998]: **Sec. 3.2. As used in this chapter,**  
 16 **"income tax base period amount" means the aggregate amount of**  
 17 **state and local income taxes paid by employees employed in the**  
 18 **territory comprising a district with respect to wages and salary**  
 19 **earned for work in the district for the state fiscal year that**  
 20 **precedes the date on which an advisory commission on industrial**  
 21 **development adopted a resolution designating the district.**

22 SECTION 80. IC 36-7-13-3.4 IS ADDED TO THE INDIANA  
 23 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 24 [EFFECTIVE JULY 1, 1998]: **Sec. 3.4. As used in this chapter,**  
 25 **"income tax incremental amount" means the remainder of:**

26 (1) **the aggregate amount of state and local income taxes paid**  
 27 **by employees employed in a district with respect to wages**  
 28 **earned for work in the district for a particular state fiscal**  
 29 **year; minus**

30 (2) **the income tax base period amount;**

31 **as determined by the department of state revenue under section 14**  
 32 **of this chapter.**

33 SECTION 81. IC 36-7-13-3.8 IS ADDED TO THE INDIANA  
 34 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 35 [EFFECTIVE JULY 1, 1998]: **Sec. 3.8. As used in this chapter, "state**  
 36 **and local income taxes" means taxes imposed under any of the**  
 37 **following:**

38 (1) **IC 6-2.1 (the gross income tax).**

39 (2) **IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).**

40 (3) **IC 6-3-8 (the supplemental corporate net income tax).**

41 (4) **IC 6-3.5-1.1 (county adjusted gross income tax).**

42 (5) **IC 6-3.5-6 (county option income tax).**



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1           **(6) IC 6-3.5-7 (county economic development income tax).**

2           SECTION 82. IC 36-7-13-4, AS AMENDED BY P.L.262-1993,  
3           SECTION 3 (CURRENT VERSION), IS AMENDED TO READ AS  
4           FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 4. (a) To provide  
5           money for the purposes set forth in section 3 of this chapter, the unit  
6           shall create a special revolving fund to be known as the industrial  
7           development fund, into which any available and unappropriated money  
8           of the unit may be transferred by the unit's legislative body.

9           (b) The legislative body may also by ordinance levy a tax not to  
10          exceed five cents (\$0.05) on each one hundred dollars (\$100) of  
11          assessed value of all personal and real property within its jurisdiction.  
12          The proceeds of this tax shall be deposited in the industrial  
13          development fund. The unit may collect the tax as other municipal or  
14          county taxes are collected, or may set up a system for the collection and  
15          enforcement of the tax in the unit. **The proceeds of the tax may be  
16          used for any purpose authorized by this chapter and may be  
17          pledged for the payment of principal and interest on bonds or  
18          other obligation issued under this chapter.**

19          SECTION 83. IC 36-7-13-4, AS AMENDED BY P.L.6-1997,  
20          SECTION 208 (DELAYED VERSION), IS AMENDED TO READ AS  
21          FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 4. (a) To provide  
22          money for the purposes set forth in section 3 of this chapter, the unit  
23          shall create a special revolving fund to be known as the industrial  
24          development fund, into which any available and unappropriated money  
25          of the unit may be transferred by the unit's legislative body.

26          (b) The legislative body may also by ordinance levy a tax not to  
27          exceed one and sixty-seven hundredths cents (\$0.0167) on each one  
28          hundred dollars (\$100) of assessed value of all personal and real  
29          property within its jurisdiction. The proceeds of this tax shall be  
30          deposited in the industrial development fund. The unit may collect the  
31          tax as other municipal or county taxes are collected, or may set up a  
32          system for the collection and enforcement of the tax in the unit. **The  
33          proceeds of the tax may be used for any purpose authorized by this  
34          chapter and may be pledged for the payment of principal and  
35          interest on bonds or other obligation issued under this chapter.**

36          SECTION 84. IC 36-7-13-5, AS AMENDED BY P.L.1-1994,  
37          SECTION 175, IS AMENDED TO READ AS FOLLOWS  
38          [EFFECTIVE JULY 1, 1998]: Sec. 5. (a) In order to coordinate the  
39          efforts of the unit and any private industrial development committee in  
40          the community, an advisory commission on industrial development  
41          shall be appointed by the unit's executive.

42          (b) **Except as provided in subsection (d),** the commission shall be



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1 composed of six (6) members, including at least one (1) representative  
 2 of the unit's government, at least one (1) representative of the local  
 3 industrial development committee, at least one (1) representative of a  
 4 local banking institution, at least one (1) representative of a local utility  
 5 company, and at least one (1) representative of organized labor from  
 6 the building trades. A member of the commission may represent more  
 7 than one (1) of the organizations enumerated.

8 (c) The unit's legislative body shall request the commission's  
 9 recommendations. The legislative body may not conduct any business  
 10 requiring expenditures from the industrial development fund or make  
 11 any sale or lease of property acquired by the unit under this chapter  
 12 without the approval, in writing, of a majority of the members of the  
 13 commission.

14 **(d) In addition to the members described in subsection (b), if the**  
 15 **executive of a unit has submitted a petition to a commission under**  
 16 **section 10 of this chapter, the following persons are members of the**  
 17 **commission:**

18 **(1) A member appointed by the governor.**

19 **(2) A member appointed by the lieutenant governor.**

20 **(3) A member appointed by the director of the department of**  
 21 **workforce development.**

22 SECTION 85. IC 36-7-13-9 IS AMENDED TO READ AS  
 23 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. When the purposes  
 24 for which the industrial development fund was established have been  
 25 accomplished **and all districts designated by the unit have been**  
 26 **terminated under section 19 of this chapter**, the balance remaining  
 27 in that fund shall be transferred to the general fund of the unit and the  
 28 authority for the levy of the tax provided by section 4 of this chapter  
 29 ceases.

30 SECTION 86. IC 36-7-13-10 IS ADDED TO THE INDIANA  
 31 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 32 [EFFECTIVE JULY 1, 1998]: **Sec. 10. (a) After approval by**  
 33 **ordinance or resolution of the legislative body of a municipality,**  
 34 **the executive of the municipality may submit an application to an**  
 35 **advisory commission on industrial development requesting that an**  
 36 **area within the municipality be designated as a district.**

37 **(b) After approval by ordinance or resolution of the legislative**  
 38 **body of a county, the executive of the county may submit an**  
 39 **application to an advisory commission on industrial development**  
 40 **requesting that an area within the county, but not within a**  
 41 **municipality, be designated as a district.**

42 SECTION 87. IC 36-7-13-11 IS ADDED TO THE INDIANA



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1 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 2 [EFFECTIVE JULY 1, 1998]: **Sec. 11. If a municipal or county**  
 3 **executive submits an application requesting an area to be**  
 4 **designated as a district under this chapter, the advisory**  
 5 **commission on industrial development shall do the following:**

6 (1) **Compile information necessary to make a determination**  
 7 **concerning whether the area meets the conditions necessary**  
 8 **for designation as a district.**

9 (2) **Prepare maps showing the boundaries of the proposed**  
 10 **district.**

11 (3) **Prepare a plan describing the ways in which the**  
 12 **development obstacles described in section 12(b)(3) of this**  
 13 **chapter in the proposed district will be addressed.**

14 SECTION 88. IC 36-7-13-12 IS ADDED TO THE INDIANA  
 15 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 16 [EFFECTIVE JULY 1, 1998]: **Sec. 12. (a) If a municipal or county**  
 17 **executive has submitted an application to an advisory commission**  
 18 **on industrial development requesting that an area be designated as**  
 19 **a district under this chapter and the advisory commission has**  
 20 **compiled and prepared the information required under section 11**  
 21 **of this chapter concerning the area, the advisory commission may**  
 22 **adopt a resolution designating the area as a district if it makes the**  
 23 **findings described in subsection (b).**

24 (b) **An advisory commission may adopt a resolution designating**  
 25 **a particular area as a district only after finding all of the following:**

26 (1) **The area contains:**

27 (A) **a building or buildings with at least one million**  
 28 **(1,000,000) square feet of usable interior floor space that**  
 29 **is vacant or to be vacated as a result of the relocation of a**  
 30 **single employer to a location outside of Indiana; and**

31 (B) **at least five hundred (500) and not more than seven**  
 32 **hundred fifty (750) acres of property zoned for industrial**  
 33 **use.**

34 (2) **At least one thousand (1,000) fewer persons are employed**  
 35 **in the area than were employed in the area during the year**  
 36 **that is ten (10) years previous to the current year.**

37 (3) **There are significant obstacles to redevelopment of the**  
 38 **area due to any of the following problems:**

39 (A) **Obsolete or inefficient buildings.**

40 (B) **Aging infrastructure or inefficient utility services.**

41 (C) **Utility relocation requirements.**

42 (D) **Transportation or access problems.**



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- 1                   **(E) Topographical obstacles to redevelopment.**
- 2                   **(F) Environmental contamination.**
- 3                   **(4) The unit has expended, appropriated, pooled, set aside, or**
- 4                   **pledged at least one hundred thousand dollars (\$100,000) for**
- 5                   **purposes of addressing the redevelopment obstacles described**
- 6                   **in subdivision (3).**

7                   **(c) The advisory commission shall designate the duration of the**  
 8 **zone but the duration must not exceed fifteen (15) years (at the**  
 9 **time of designation).**

10                   **SECTION 89. IC 36-7-13-13 IS ADDED TO THE INDIANA**  
 11 **CODE AS A NEW SECTION TO READ AS FOLLOWS**  
 12 **[EFFECTIVE JULY 1, 1998]: Sec. 13. (a) If an advisory commission**  
 13 **on industrial development designates a district under section 12 of**  
 14 **this chapter, the advisory commission shall send a certified copy of**  
 15 **the resolution designating the district to the budget committee for**  
 16 **review and recommendation to the budget agency. The advisory**  
 17 **commission shall include with the resolution a complete list of**  
 18 **employers in the district and street names and the range of street**  
 19 **numbers of each street in the district. The advisory commission**  
 20 **shall update the list before July 1 of each year.**

21                   **(b) The budget committee shall meet not later than sixty (60)**  
 22 **days after receipt of a resolution under subsection (a) and shall**  
 23 **make a recommendation on the resolution to the budget agency.**

24                   **(c) The budget agency must approve the resolution before**  
 25 **money may be distributed under section 15(b) of this chapter to the**  
 26 **industrial development fund of the unit containing the district.**

27                   **(d) A tax credit may not be granted under IC 6-3.1-19 until the**  
 28 **budget agency approves the resolution.**

29                   **(e) If the budget agency approves the resolution, the budget**  
 30 **agency shall give notice of the approval to the department of state**  
 31 **revenue.**

32                   **(f) Not later than sixty (60) days after receiving the notice of the**  
 33 **budget agency's approval of a resolution under this section, the**  
 34 **department of state revenue shall determine the gross retail base**  
 35 **period amount and the income tax base period amount.**

36                   **SECTION 90. IC 36-7-13-14 IS ADDED TO THE INDIANA**  
 37 **CODE AS A NEW SECTION TO READ AS FOLLOWS**  
 38 **[EFFECTIVE JULY 1, 1998]: Sec. 14. Before the first business day**  
 39 **in October of each year, the department shall calculate the income**  
 40 **tax incremental amount and the gross retail incremental amount**  
 41 **for the preceding state fiscal year for each district designated**  
 42 **under this chapter.**

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1 SECTION 91. IC 36-7-13-15 IS ADDED TO THE INDIANA  
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 3 [EFFECTIVE JULY 1, 1998]: **Sec. 15. (a) If an advisory commission**  
 4 **on industrial development designates a district under this chapter,**  
 5 **the treasurer of state shall establish a community revitalization**  
 6 **fund for the county. The fund shall be administered by the**  
 7 **treasurer of state. Money in the fund does not revert to the state**  
 8 **general fund at the end of a state fiscal year.**

9 (b) **The income tax incremental amount and the gross retail**  
 10 **incremental amount collected from the district shall be deposited**  
 11 **in the community revitalization fund established for the county**  
 12 **under subsection (a). On or before the twentieth day of each**  
 13 **month, all amounts held in the community revitalization fund for**  
 14 **the county shall be distributed to the county's industrial**  
 15 **development fund. The department of revenue shall notify the**  
 16 **fiscal body of the unit establishing the district of the amount of**  
 17 **taxes to be distributed to the unit's industrial development fund.**  
 18 **The total amount of state revenue captured by a district may not**  
 19 **exceed one million dollars (\$1,000,000) per year for twenty (20)**  
 20 **consecutive years.**

21 SECTION 92. IC 36-7-13-16 IS ADDED TO THE INDIANA  
 22 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 23 [EFFECTIVE JULY 1, 1998]: **Sec. 16. (a) A unit may issue bonds or**  
 24 **other obligations to finance the costs of addressing the**  
 25 **development obstacles described in section 12(b)(3) of this chapter**  
 26 **in the district.**

27 (b) **The district bonds are special obligations of indebtedness of**  
 28 **the district. The district bonds issued under this section, and**  
 29 **interest on the district bonds, are payable solely out of amounts**  
 30 **deposited in the industrial development fund under this chapter.**

31 SECTION 93. IC 36-7-13-17 IS ADDED TO THE INDIANA  
 32 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 33 [EFFECTIVE JULY 1, 1998]: **Sec. 17. Money in the industrial**  
 34 **development fund may be pledged by an advisory commission to**  
 35 **the following purposes:**

36 (1) **To pay debt service on bonds or other obligations issued**  
 37 **under this chapter.**

38 (2) **To establish and maintain a debt service reserve**  
 39 **established by the advisory commission.**

40 SECTION 94. IC 36-7-13-18 IS ADDED TO THE INDIANA  
 41 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 42 [EFFECTIVE JULY 1, 1998]: **Sec. 18. (a) As used in this section,**

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1 "developer" means a person that:

2 (1) proposes to enter into, or has entered into, a financing  
3 agreement with a unit for the development or redevelopment  
4 of a facility located in a district; and

5 (2) has entered into a separate agreement with some other  
6 person for the use or operation of the financed facility.

7 (b) A unit may establish goals or benchmarks concerning the  
8 development or redevelopment of property by a developer. The  
9 unit may provide that a developer that meets or exceeds the goals  
10 or benchmarks shall be paid a specified fee from the industrial  
11 development fund.

12 SECTION 95. IC 36-7-13-19 IS ADDED TO THE INDIANA  
13 CODE AS A NEW SECTION TO READ AS FOLLOWS  
14 [EFFECTIVE JULY 1, 1998]: **Sec. 19. When the advisory  
15 commission determines that the purposes for which a district was  
16 established have been accomplished and that all bonds or other  
17 obligations issued under this chapter and all interest on those  
18 bonds or obligations have been fully paid, the advisory commission  
19 shall adopt a resolution terminating the district. If an advisory  
20 commission adopts a resolution under this section, the advisory  
21 commission shall send a certified copy of the resolution by certified  
22 mail to the department.**

23 SECTION 96. IC 36-7-13-20 IS ADDED TO THE INDIANA  
24 CODE AS A NEW SECTION TO READ AS FOLLOWS  
25 [EFFECTIVE JULY 1, 1998]: **Sec. 20. The general assembly  
26 covenants that this chapter will not be repealed or amended in a  
27 manner that will adversely affect the owner of bonds or other  
28 obligations issued under this chapter.**

29 SECTION 97. IC 6-1.1-12.1-5.8 IS REPEALED [EFFECTIVE  
30 JANUARY 1, 1999].

31 SECTION 98. IC 6-2.1-6-3 IS REPEALED [EFFECTIVE  
32 JANUARY 1, 1998 (RETROACTIVE)].

33 SECTION 99. [EFFECTIVE JANUARY 1, 1997  
34 (RETROACTIVE)] (a) **IC 6-5.5-1-2, as amended by this act, applies  
35 to taxable years beginning after December 31, 1996.**

36 (b) **SECTIONS of this act that become effective January 1, 1998,  
37 apply to taxable years beginning after December 31, 1997.**

38 SECTION 100. [EFFECTIVE JULY 1, 1998] **IC 6-1.1-10-42, as  
39 added by this act, applies only to property taxes first due and  
40 payable after December 31, 1998.**

41 SECTION 101. [EFFECTIVE JANUARY 1, 1997  
42 (RETROACTIVE)] (a) **This SECTION applies to a property owner**



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- 1 who:
- 2 (1) before January 1, 1997, received notice from a:
- 3 (A) city that is a consolidated city; or
- 4 (B) city having a population of more than forty-four
- 5 thousand six hundred (44,600) but less than forty-four
- 6 thousand seven hundred (44,700);
- 7 offering to provide property tax deductions to the property
- 8 owner under IC 6-1.1-12.1;
- 9 (2) has fulfilled all expectations of the city concerning job
- 10 creation or retention, capital investment, and other
- 11 requirements imposed by the city; and
- 12 (3) is not eligible for the property tax deductions described in
- 13 the agreement due to the failure of the property owner or the
- 14 city, or both, to comply with one (1) or more requirements of
- 15 IC 6-1.1-12.1.
- 16 (b) This subsection applies only to a city described in subsection
- 17 (a)(1)(A). Notwithstanding IC 6-1.1-12.1, the city may grant the
- 18 property tax deductions described in subsection (a) if, before July
- 19 1, 1998, both the property owner and the city complete all the
- 20 procedures required by IC 6-1.1-12.1 that would have been
- 21 necessary to grant the property tax deductions described in
- 22 subsection (a).
- 23 (c) This subsection applies only to a city described in subsection
- 24 (a)(1)(B). Notwithstanding IC 6-1.1-12.1, if a property owner has
- 25 received a notice from the city offering to provide a property tax
- 26 deduction, the county auditor shall make the appropriate
- 27 deduction described in subsection (a) if, before July 1, 1998:
- 28 (1) the property owner complies with all requirements of
- 29 IC 6-1.1-12.1 that would have been necessary to grant the
- 30 deduction described in subsection (a); and
- 31 (2) the mayor of the city consents to the granting of the
- 32 deduction.
- 33 (d) Property tax deductions granted under this SECTION apply
- 34 to property taxes first due and payable after December 31, 1996.
- 35 (e) This SECTION expires July 2, 1998.
- 36 SECTION 102. [EFFECTIVE JANUARY 1, 1998
- 37 (RETROACTIVE)] IC 6-1.1-10-16.5, as added by this act, applies to
- 38 property taxes first due and payable after December 31, 1998.
- 39 SECTION 103. [EFFECTIVE JANUARY 1, 1999] IC 6-1.1-15-1,
- 40 IC 6-1.1-15-4, IC 6-1.1-15-5, IC 6-1.1-15-9, IC 6-1.1-15-10,
- 41 IC 6-1.1-15-11, and IC 6-1.1-17-1, all as amended by this act, and
- 42 IC 6-1.1-15-10.5 and IC 6-1.1-17-2.5, both as added by this act,



1 apply to property taxes first due and payable after December 31,  
2 1998.

3 SECTION 104. [EFFECTIVE JULY 1, 1998] IC 6-1.1-10-29, as  
4 amended by this act, applies to property taxes first due and  
5 payable after December 31, 1998.

6 SECTION 105. [EFFECTIVE UPON PASSAGE] The department  
7 of commerce shall adopt the rules described in IC 6-1.1-43-5, as  
8 added by this act, before January 1, 1999.

9 SECTION 106. [EFFECTIVE JULY 1, 1998] (a) The reductions  
10 set forth in IC 6-1.1-12-19, as amended by this act, do not apply to  
11 deductions that were first claimed before July 1, 1998. These  
12 deductions remain at one hundred percent (100%) until they  
13 expire.

14 (b) Notwithstanding IC 6-1.1-12-19, as amended by this act, if  
15 a deduction is first claimed under IC 6-1.1-12-19, after June 30,  
16 1998, and before July 1, 1999, the deduction is reduced as follows:

17 (1) One hundred percent (100%) of the original deduction for  
18 the second year.

19 (2) Sixty percent (60%) of the original deduction for the third  
20 year.

21 (3) Forty percent (40%) of the original deduction for the  
22 fourth year.

23 (4) Twenty percent (20%) of the original deduction for the  
24 fifth year.

25 In the sixth year, the county auditor shall add the amount of the  
26 original deduction to the assessed value of the real property.

27 (c) Notwithstanding IC 6-1.1-12-19, as amended by this act, if a  
28 deduction is first claimed under IC 6-1.1-12-19, after June 30,  
29 1999, and before July 1, 2000, the deduction is reduced as follows:

30 (1) Eighty percent (80%) of the original deduction for the  
31 second year.

32 (2) Sixty percent (60%) of the original deduction for the third  
33 year.

34 (3) Forty percent (40%) of the original deduction for the  
35 fourth year.

36 (4) Twenty percent (20%) of the original deduction for the  
37 fifth year.

38 In the sixth year, the county auditor shall add the amount of the  
39 original deduction to the assessed value of the real property.

40 SECTION 107. [EFFECTIVE JANUARY 1, 1999] IC 6-3.1-19, as  
41 added by this act, applies only to taxable years beginning after  
42 December 31, 1998.



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1        **SECTION 108. An emergency is declared for this act.**

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SENATE MOTION

Mr. President: I move that Senator Landske be added as coauthor of Senate Bill 382.

MILLS

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SENATE MOTION

Mr. President: I move that Senators Merritt and Howard be added as coauthors of Senate Bill 382.

MILLS

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill 382, 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 3, line 27, after "computers" insert "**and computer software**".

Page 3, line 30, delete ":".

Page 3, line 31, delete "(i)".

Page 3, run in lines 30 and 31.

Page 3, line 35, after "products;" insert "**and**".

Page 3, delete lines 36 through 40.

Page 27, delete lines 6 through 28.

and when so amended that said bill do pass.

(Reference is to Senate Bill 382 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 13, Nays 0.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 382, 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:

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

"SECTION 1. IC 6-1.1-4-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 12. If land assessed on an acreage basis is subdivided into lots, the land shall be reassessed on the basis of lots. If land is rezoned for, or put to, a different use, the land shall be reassessed on the basis of its new classification **to determine the new true tax value**. If improvements are added to real property, the improvements shall be assessed. An assessment or reassessment made under this section is effective on the next assessment date. However, if land assessed on an acreage basis is subdivided into lots, the lots may not be reassessed until the next assessment date following a transaction which results in a change in legal or equitable title to that lot. No petition to the state board of tax commissioners is necessary with respect to an assessment or reassessment made under this section.

SECTION 2. IC 6-1.1-4-13.6, AS AMENDED BY P.L.6-1997, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1997 (RETROACTIVE)]: Sec. 13.6. (a) **A county land valuation commission (referred to in this section as the "commission") is established in each county for the purpose of determining the value of commercial, industrial, and residential land (including farm homesites) in the county.**

(b) **The county assessor is chairperson of the commission.**

(c) **The members of the commission are as follows:**

(1) **The county assessor.**

(2) **One (1) township assessor from the county, to be appointed by the county executive (as defined in IC 36-1-2-5).**

(3) **One (1) township assessor from the county, to be appointed by all of the township assessors in the county by majority vote. In case of a tie vote, the county assessor shall cast a vote to break that tie.**

(4) **One (1) county resident who:**

(A) **holds a license under IC 25-34.1-3 as a salesperson or broker; and**

(B) **is appointed by the county executive (as defined in IC 36-1-2-5).**

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**(5) Four (4) individuals who:**

**(A) are appointed by the county fiscal body (as defined in IC 36-1-2-6); and**

**(B) each represent one (1) of the following four (4) types of land in the county:**

**(i) Agricultural.**

**(ii) Commercial.**

**(iii) Industrial.**

**(iv) Residential.**

**(6) One (1) individual who:**

**(A) is appointed by the county executive (as defined in IC 36-1-2-5); and**

**(B) represents financial institutions in the county.**

**(d) The term of each member of the commission begins November 1, two (2) years before the commencement of the general reassessment under IC 6-1.1-4-4, and ends January 1 of the year the general reassessment commences under IC 6-1.1-4-4. The appointing authority may fill any vacancy for the remainder of the vacated term.**

~~(a)~~ **(e) The township assessor commission shall determine the values of all classes of commercial, industrial, and residential land (including farm homesites) in the township county using guidelines determined by the state board of tax commissioners. Not later than November 1 of the year preceding the year in which a general reassessment becomes effective, the assessor commences. The commission determining the values of land shall submit the values, all data supporting the values, and all information required under rules of the state board of tax commissioners relating to the determination of land values to the county property tax assessment board of appeals. Not later than December 1 of the year preceding the year in which a general reassessment becomes effective, commences, the county property tax assessment board of appeals shall hold a public hearing in the county concerning those values. The property tax assessment board of appeals shall give notice of the hearing in accordance with IC 5-3-1 and shall hold the hearing after March 31 and before December January 1 of the year preceding the year in which the general reassessment under IC 6-1.1-4-4 becomes effective: commences.**

~~(b)~~ **(f) The county property tax assessment board of appeals shall review the values, data, and information submitted under subsection (a) (e) and may make any modifications it considers necessary to provide uniformity and equality. The county property tax assessment**



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board of appeals shall coordinate the valuation of property adjacent to the boundaries of the county with the county property tax assessment boards of appeals of the adjacent counties using the procedures adopted by rule under IC 4-22-2 by the state board of tax commissioners. If the ~~county assessor or township assessor~~ **commission** fails to submit land values under subsection ~~(a)~~ (e) to the county property tax assessment board of appeals before ~~November~~ **January** 1 of the year ~~before the date~~ the general reassessment under IC 6-1.1-4-4 ~~becomes effective;~~ **commences**, the county property tax assessment board of appeals shall determine the values. ~~If the county property tax assessment board of appeals fails to determine the values before the general reassessment becomes effective;~~ the state board of tax commissioners shall determine the values.

(g) **The county property tax assessment board of appeals shall give notice to the county and township assessors of its decision on the values. The notice must be given before March 1 of the year the general reassessment under IC 6-1.1-4-4 commences. Within twenty (20) days after that notice, the county assessor or a township assessor in the county may request that the county property tax assessment board of appeals reconsider the values. The county property tax assessment board of appeals shall hold a hearing on the reconsideration in the county. The county property tax assessment board of appeals shall give notice of the hearing under IC 5-3-1.**

(h) **A taxpayer may appeal the value determined under this section as applied to the taxpayer's land as part of an appeal filed under IC 6-1.1-15-1. If a taxpayer that files an appeal under IC 6-1.1-15 requests the values, data, or information received by the county property tax assessment board of appeals under subsection (e), the county property tax assessment board of appeals shall satisfy the request. The state board of tax commissioners may modify the taxpayer's land value and the value of any other land in the township, county where the taxpayer's land is located, or the adjacent county if the state board of tax commissioners determines it is necessary to provide uniformity and equality.**

~~(e)~~ (i) **The county assessor shall notify all township assessors in the county of the values as modified by the county property tax assessment board of appeals: determined by the commission and as modified by the county property tax assessment board of appeals or state board under this section. Township assessors shall use the values determined under this section.**

SECTION 3. IC 6-1.1-4-28, AS AMENDED BY P.L.6-1997,

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SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 28. (a) Money assigned to a property reassessment fund under section 27 of this chapter may be used only to pay the costs of:

- (1) the general reassessment of real property, including the computerization of assessment records;
- (2) payments to county assessors, members of property tax assessment boards of appeals, or assessing officials under IC 6-1.1-35.2;
- (3) the development or updating of detailed soil survey data by the United States Department of Agriculture or its successor agency;
- (4) the updating of plat books; and
- (5) payments for the salary of permanent staff or for the contractual services of temporary staff who are necessary to assist county assessors, members of a county property tax assessment board of appeals, and assessing officials.

(b) All counties shall use modern, detailed soil maps in the general reassessment of agricultural land.

(c) The county treasurer of each county shall, in accordance with IC 5-13-9, invest any money accumulated in the property reassessment fund until the money is needed to pay general reassessment expenses. Any interest received from investment of the money shall be paid into the property reassessment fund.

(d) An appropriation under this section ~~must~~ **may not** be approved by the fiscal body of the county ~~after the review and until after the fiscal body considers the~~ recommendation of the county assessor. However, in a county with an elected township assessor under ~~IC 36-6-5-11~~ **IC 36-6-5-1** in every township, only the fiscal body must approve an appropriation under this section. **A request for an appropriation under this section must be submitted to the county assessor at the same time the request is submitted to the fiscal body.**

SECTION 4. IC 6-1.1-5.5-3, AS AMENDED BY P.L.6-1997, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 3. (a) Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must complete and sign a sales disclosure form as prescribed by the state board of tax commissioners under section 5 of this chapter. All the parties may sign one (1) form, or if all the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

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(b) Except as provided in subsection (c), the auditor shall forward each sales disclosure form to the county assessor. The county assessor shall forward the sales disclosure form to the state board of tax commissioners and, **upon request**, to the appropriate township assessor. The county assessor shall retain a copy of the sales disclosure form for the purposes established in IC 6-1.1-4-13.6. ~~and shall forward a copy to the township assessors in the county:~~

~~(c) In a county containing a consolidated city, the auditor shall forward the sales disclosure form to the appropriate township assessor. The township assessor shall forward the sales disclosure form to the state board of tax commissioners. The township assessor may retain a copy of the sales disclosure form for the purposes established in IC 6-1.1-4-13.6.~~

SECTION 5. IC 6-1.1-10-16, AS AMENDED BY P.L.6-1997, SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 16. (a) All or part of a building is exempt from property taxation if it is owned, occupied, and used by a person for educational, literary, scientific, religious, or charitable purposes.

(b) A building is exempt from property taxation if it is owned, occupied, and used by a town, city, township, or county for educational, literary, scientific, fraternal, or charitable purposes.

(c) A tract of land, including the campus and athletic grounds of an educational institution, is exempt from property taxation if:

(1) a building which is exempt under subsection (a) or (b) is situated on it; and

(2) the tract does not exceed:

(A) fifty (50) acres in the case of:

(i) an educational institution; or

(ii) a tract that was exempt under this subsection on March 1, 1987; or

(B) fifteen (15) acres in all other cases.

(d) A tract of land is exempt from property taxation if:

(1) it is purchased for the purpose of erecting a building which is to be owned, occupied, and used in such a manner that the building will be exempt under subsection (a) or (b);

(2) the tract does not exceed:

(A) fifty (50) acres in the case of:

(i) an educational institution; or

(ii) a tract that was exempt under this subsection on March 1, 1987; or

(B) fifteen (15) acres in all other cases; and

(3) not more than three (3) years after the property is purchased,

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and for each year after the three (3) year period, the owner demonstrates substantial progress towards the erection of the intended building and use of the tract for the exempt purpose. To establish that substantial progress is being made, the owner must prove the existence of factors such as the following:

(A) Organization of and activity by a building committee or other oversight group.

(B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within three (3) years.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the building is an active plan and that the building is capable of being completed within six (6) years considering the circumstances of the owner.

(e) Personal property is exempt from property taxation if it is owned and used in such a manner that it would be exempt under subsection (a) or (b) if it were a building.

(f) A hospital's property which is exempt from property taxation under subsection (a), (b), or (e) shall remain exempt from property taxation even if the property is used in part to furnish goods or services to another hospital whose property qualifies for exemption under this section.

(g) Property owned by a shared hospital services organization which is exempt from federal income taxation under Section 501(c)(3) or 501(e) of the Internal Revenue Code is exempt from property taxation if it is owned, occupied, and used exclusively to furnish goods or services to a hospital whose property is exempt from property taxation under subsection (a), (b), or (e).

(h) This section does not exempt from property tax an office or a practice of a physician or group of physicians that is owned by a hospital licensed under IC 16-21-1 or other property that is not substantially related to or supportive of the inpatient facility of the hospital unless the office, practice, or other property:

(1) provides or supports the provision of charity care (as defined in IC 16-18-2-52.5), including providing funds or other financial support for health care services for individuals who are indigent (as defined in IC 16-18-2-52.5(b) and ~~IC 16-8-2-52.5(c)~~; **IC 16-18-2-52.5(c)**); or



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(2) provides or supports the provision of community benefits (as defined in IC 16-21-9-1), including research, education, or government sponsored indigent health care (as defined in IC 16-21-9-2).

However, participation in the Medicaid or Medicare program alone does not entitle an office, practice, or other property described in this subsection to an exemption under this section.

(i) A tract of land or a tract of land plus all or part of a structure on the land is exempt from property taxation if:

(1) the tract is acquired for the purpose of erecting, renovating, or improving a single family residential structure that is to be given away or sold:

(A) in a charitable manner;

(B) by a nonprofit organization; and

(C) to low income individuals who will:

(i) use the land as a family residence; and

(ii) not have an exemption for the land under this section;

(2) the tract does not exceed three (3) acres;

(3) the tract of land or the tract of land plus all or part of a structure on the land is not used for profit while exempt under this section; and

(4) not more than three (3) years after the property is acquired for the purpose described in subdivision (1), and for each year after the three (3) year period, the owner demonstrates substantial progress towards the erection, renovation, or improvement of the intended structure. To establish that substantial progress is being made, the owner must prove the existence of factors such as the following:

(A) Organization of and activity by a building committee or other oversight group.

(B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within six (6) years of the initial exemption received under this subsection.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the structure is an active plan and that the structure is capable of being:

(i) completed; and

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(ii) transferred to a low income individual who does not receive an exemption under this section; within six (6) years considering the circumstances of the owner.

(j) An exemption under subsection (i) terminates when the property is conveyed by the nonprofit organization to another owner. When the property is conveyed to another owner, the nonprofit organization receiving the exemption must file a certified statement with the **auditor assessor** of the county, notifying the **auditor assessor** of the change not later than sixty (60) days after the date of the conveyance. **The county assessor shall forward a copy of the certified statement to the county auditor.** A nonprofit organization that fails to file the statement required by this subsection is liable for the amount of property taxes due on the property conveyed if it were not for the exemption allowed under this chapter.

(k) If property is granted an exemption in any year under subsection (i) and the owner:

- (1) ceases to be eligible for the exemption under subsection (i)(4);
- (2) fails to transfer the tangible property within six (6) years after the assessment date for which the exemption is initially granted; or
- (3) transfers the tangible property to a person who:
  - (A) is not a low income individual; or
  - (B) does not use the transferred property as a residence for at least one (1) year after the property is transferred;

the person receiving the exemption shall notify the county recorder and the county **auditor assessor** of the county in which the property is located not later than sixty (60) days after the event described in subdivision (1), (2), or (3) occurs. **The county assessor shall inform the county auditor of a notification received under this subsection.**

(l) If subsection (k)(1), (k)(2), or (k)(3) applies, the owner shall pay, not later than the date that the next installment of property taxes is due, an amount equal to the sum of the following:

- (1) The total property taxes that, if it were not for the exemption under subsection (i), would have been levied on the property in each year in which an exemption was allowed.
- (2) Interest on the property taxes at the rate of ten percent (10%) per year.

(m) The liability imposed by subsection (l) is a lien upon the property receiving the exemption under subsection (i). An amount collected under subsection (l) shall be collected as an excess levy. If the amount is not paid, it shall be collected in the same manner that

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delinquent taxes on real property are collected.

SECTION 6. IC 6-1.1-10-16.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: **Sec. 16.5. (a) A tract of real property owned by a nonprofit public benefit corporation (as defined in IC 23-17-2-23) is exempt from property taxation if all of the following apply:**

- (1) **The tract is located:**
  - (A) **under a lake or reservoir; or**
  - (B) **adjacent to a lake or reservoir.**
- (2) **The lake or reservoir under which or adjacent to which the tract is located was formed by a dam or control structure owned and operated by a public utility for the generation of hydroelectric power.**
- (3) **The public benefit corporation that owns the tract is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and has maintained its tax exempt status for the previous three (3) years.**
- (4) **The public benefit corporation that owns the tract is primarily engaged in active efforts to protect and enhance the environment and water quality of the lake or reservoir under which or adjacent to which the tract is located in order to facilitate the public recreational use of the lake or reservoir.**

**(b) A tract of real property owned by a nonprofit public benefit corporation described in subsection (a) is exempt from property taxation if the tract is used by the public benefit corporation in the public benefit corporation's efforts to enhance the environment and water quality of a lake or reservoir described in subsection (a).**

SECTION 7 IC 6-1.1-10-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: **Sec. 21. (a) The following tangible property is exempt from property taxation if it is owned by, or held in trust for the use of, a church or religious society:**

- (1) **A building which is used for religious worship.**
- (2) **Buildings that are used as parsonages.**
- (3) **The pews and furniture contained within a building which is used for religious worship.**
- (4) **The tract of land, not exceeding fifteen (15) acres, upon which a building described in this section is situated.**

**(b) To obtain an exemption for parsonages, a church or religious society must provide the county auditor assessor with an affidavit at the time the church or religious society applies for the exemptions. The affidavit must state that:**



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(1) all parsonages are being used to house one (1) of the church's or religious society's rabbis, priests, preachers, ministers, or pastors; and

(2) none of the parsonages are being used to make a profit.

The affidavit shall be signed under oath by the church's or religious society's head rabbi, priest, preacher, minister, or pastor. **The county assessor shall forward a copy of the affidavit to the county auditor.**

SECTION 8. IC 6-1.1-10-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 25. (a) Subject to the limitations contained in subsection (b), ~~of this section~~, tangible property is exempt from property taxation if it is owned by any of the following organizations:

- (1) The Young Men's Christian Association.
- (2) The Salvation Army, Inc.
- (3) The Knights of Columbus.
- (4) The Young Men's Hebrew Association.
- (5) The Young Women's Christian Association.
- (6) A chapter or post of Disabled American Veterans of World War I or II.
- (7) A chapter or post of the Veterans of Foreign Wars.
- (8) A post of the American Legion.
- (9) A post of the American War Veterans.
- (10) A camp of United States Spanish War Veterans.
- (11) The Boy Scouts of America, one (1) or more of its incorporated local councils, or a bank or trust company in trust for the benefit of one (1) or more of its local councils.
- (12) The Girl Scouts of the U.S.A., one (1) or more of its incorporated local councils, or a bank or trust company in trust for the benefit of one (1) or more of its local councils.
- (13) A nonprofit public radio station.**
- (14) A nonprofit public television station.**
- (15) Southern Indiana Higher Education, Inc.**
- (16) A 4-H organization.**

(b) This exemption does not apply unless the property is exclusively used, and in the case of real property actually occupied, for the purposes and objectives of the organization.

SECTION 9. IC 6-1.1-10-29, AS AMENDED BY P.L.46-1996, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 29. (a) As used in this section, "manufacturer" or "processor" means a person that performs an operation or continuous series of operations on raw materials, goods, or other personal property to alter the raw materials, goods, or other personal property into a new

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or changed state or form. The operation may be performed by hand, machinery, or a chemical process directed or controlled by an individual. The terms include a person that:

- (1) dries or prepares grain for storage or delivery; or
- (2) publishes books or other printed materials.

(b) Personal property owned by a manufacturer or processor is exempt from property taxation if the owner is able to show by adequate records that the property:

- (1) is stored and remains in its original package in an in-state warehouse for the purpose of shipment, without further processing, to an out-of-state destination; or
- (2) consists of books or other printed materials that are stored at an in-state commercial printer's facility for the purpose of shipment, without further processing, to an out-of-state destination.

(c) Personal property that is manufactured in Indiana and that would be exempt under subsection (b), except that it is not stored in its original package, is exempt from property taxation if the owner can establish in accordance with exempt inventory procedures, regulations, and rules of the state board of tax commissioners that:

- (1) the property ~~(†)~~ is ready for shipment without additional manufacturing or processing, except for packaging; and

(2) **either:**

**(A) the property will be damaged or have its value impaired if it is stored in its original package; or**

**(B) the final packaging of finished inventory items is not practical until receipt of a final customer order because fulfillment of the customer order requires the accumulation of a number of distinct finished inventory items into a single shipping package.**

SECTION 10. IC 6-1.1-10-42 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: **Sec. 42. (a) A corporation that:**

**(1) is nonprofit; and**

**(2) participates in the small business incubator program under IC 4-4-18;**

**is exempt from property taxation to the extent of tangible property used for small business incubation.**

**(b) A corporation that wishes to obtain an exemption from property taxation under this section must file an exemption application annually under IC 6-1.1-11.**

SECTION 11. IC 6-1.1-11-3, AS AMENDED BY P.L.6-1997,

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SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 3. (a) ~~The~~ **An** owner of tangible property who wishes to obtain an exemption from property taxation **and a nonprofit corporation seeking an exemption under IC 6-1.1-10-42** shall **each** file a certified application in duplicate with the ~~auditor~~ **assessor** of the county in which the property **that is the subject of the exemption** is located. The application must be filed annually on or before May 15 on forms prescribed by the state board of tax commissioners. **The county assessor shall forward a copy of the certified application to the county auditor.** Except as provided in sections 1, 3.5, and 4 of this chapter, the application applies only for the taxes imposed for the year for which the application is filed.

(b) The authority for signing an exemption application may not be delegated by the owner of the property to any other person except by an executed power of attorney.

(c) An exemption application which is required under this chapter shall contain the following information:

- (1) A description of the property claimed to be exempt in sufficient detail to afford identification.
- (2) A statement showing the ownership, possession, and use of the property.
- (3) The grounds for claiming the exemption.
- (4) The full name and address of the applicant.
- (5) Any additional information which the state board of tax commissioners may require.

SECTION 12. IC 6-1.1-11-3.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 3.5. (a) A not-for-profit corporation, **except for a nonprofit corporation seeking an exemption under IC 6-1.1-10-42**, that seeks an exemption provided by IC 6-1.1-10 for 1988 or for a year that follows 1988 by a multiple of four (4) years must file an application for the exemption in that year. However, if a not-for-profit corporation seeks an exemption provided by IC 6-1.1-10 for a year not specified in this subsection and the corporation did not receive the exemption for the preceding year, the corporation must file an application for the exemption in the year for which the exemption is sought. The not-for-profit corporation must file each exemption application in the manner (other than the requirement for filing annually) prescribed in section 3 of this chapter.

(b) A not-for-profit corporation that receives an exemption provided under IC 6-1.1-10 for a particular year that remains eligible for the exemption for the following year is only required to file a statement to apply for the exemption in the years specified in subsection (a), if the



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use of the not-for-profit corporation's property remains unchanged.

(c) A not-for-profit corporation that receives an exemption provided under IC 6-1.1-10 for a particular year which becomes ineligible for the exemption for the following year shall notify the **auditor assessor** of the county in which the tangible property for which it claims the exemption is located of its ineligibility on or before May 15 of the year for which it becomes ineligible. **The county assessor shall notify the county auditor of the not-for-profit corporation's ineligibility for the exemption.**

(d) For each year that is not a year specified in subsection (a), the auditor of each county shall apply an exemption provided under IC 6-1.1-10 to the tangible property owned by a not-for-profit corporation that received the exemption in the preceding year unless the **auditor county property tax assessment board of appeals** determines that the not-for-profit corporation is no longer eligible for the exemption.

(e) The state board of tax commissioners may at any time review an exemption provided under this section and determine whether or not the not-for-profit corporation is eligible for the exemption.

SECTION 13. IC 6-1.1-11-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 10. Each county **auditor assessor** shall, on behalf of the county, collect a fee of two dollars (\$2) for each exemption application filed with him under this chapter. Each fee shall be accounted for and paid into the county general fund at the close of each month in the same manner as are other fees due the county. No other fee may be charged by a county ~~auditor,~~ **assessor**, or his employees, for filing or preparing an exemption application.

SECTION 14. IC 6-1.1-12-18, AS AMENDED BY P.L.6-1997, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 18. (a) If the assessed value of residential real property described in subsection (d) of this section is increased because it has been rehabilitated, the owner may have deducted from the assessed value of the property an amount not to exceed the lesser of:

- (1) the total increase in assessed value resulting from the rehabilitation; or
- (2) nine thousand dollars (\$9,000) per rehabilitated dwelling unit.

The owner is entitled to this deduction annually for a five (5) year period.

(b) For purposes of this section, the term "rehabilitation" means **significant** repairs, replacements, or improvements **to an existing structure** which are intended to increase the livability, utility, safety,



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or value of the property ~~and which do not increase the total amount of floor space devoted to residential purposes unless the increase in floor space is required in order to make the building comply with a local housing code or zoning ordinance.~~ **under rules adopted by the state board of tax commissioners.**

(c) For the purposes of this section, the term "owner" or "property owner" includes any person who has the legal obligation, or has otherwise assumed the obligation, to pay the real property taxes on the rehabilitated property.

(d) The deduction provided by this section applies only for the rehabilitation of residential real property which is located within this state and which is described in one (1) of the following classifications:

- (1) a single family dwelling if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed eighteen thousand dollars (\$18,000);
- (2) a two (2) family dwelling if before rehabilitation the assessed value (excluding exemptions or deductions) of the improvements does not exceed twenty-four thousand dollars (\$24,000); and
- (3) a dwelling with more than two (2) family units if before rehabilitation the assessed value (excluding any exemptions or deductions) of the improvements does not exceed nine thousand dollars (\$9,000) per dwelling unit.

SECTION 15. IC 6-1.1-12-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 19. The deduction from assessed value provided by section 18 of this chapter is first available in the year in which the increase in assessed value resulting from the rehabilitation occurs and shall continue for the following four (4) years. **However, the deduction is reduced to be the following:**

- (1) **Eighty percent (80%) of the original deduction for the second year.**
- (2) **Sixty percent (60%) of the original deduction for the third year.**
- (3) **Forty percent (40%) of the original deduction for the fourth year.**
- (4) **Twenty percent (20%) of the original deduction for the fifth year.**

In the sixth ~~(6th)~~ year, the county auditor shall add the amount of the **original** deduction to the assessed value of the real property. A general reassessment of real property which occurs within the five (5) year period of the deduction does not affect the amount of the deduction.

SECTION 16. IC 6-1.1-12-22, AS AMENDED BY P.L.6-1997,



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SECTION 54, AND P.L.54-1997, SECTION 1, IS CORRECTED AND IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 22. (a) If the assessed value of property is increased because it has been rehabilitated *and the owner has paid at least ten thousand dollars (\$10,000) for the rehabilitation*, the owner is entitled to have deducted from the assessed value of the property an amount equal to fifty percent (50%) of the increase in assessed value resulting from the rehabilitation. The owner is entitled to this deduction annually for a five (5) year period **in the amount specified in subsection (b)**. However, the maximum deduction which a property owner may receive under this section for a particular year is:

(1) ~~twenty fifteen~~ **sixty** thousand dollars ~~(\$20,000) (\$15,000)~~ **(\$60,000)** for a single family dwelling unit; or

(2) ~~one hundred seventy-five~~ **three hundred** thousand dollars ~~(\$100,000) (\$75,000)~~ **(\$300,000)** for any other type of property.

**(b) The deduction under subsection (a) is as follows:**

**(1) Eighty percent (80%) of the original deduction for the second year.**

**(2) Sixty percent (60%) of the original deduction for the third year.**

**(3) Forty percent (40%) of the original deduction for the fourth year.**

**(4) Twenty percent (20%) of the original deduction for the fifth year.**

~~(b)~~ (c) For purposes of this section, the term "property" means a building or structure which was erected at least ~~fifty (50) ten (10)~~ years before the date of application for the deduction provided by this section. The term "property" does not include land.

~~(c)~~ (d) For purposes of this section the term "rehabilitation" means the remodeling, repair, or betterment of property in any manner or any enlargement or extension of property. However, The enlargement or extension of the enclosed floor area of property shall, for computation of the deduction, be limited within a five (5) year period to a total additional enclosed floor area equal to the size of the enclosed floor area of the property on the date of completion of the first extension or enlargement completed after March 1, 1973. **significant repairs, replacements, or improvements to an existing structure that are intended to increase the livability, utility, safety, or value of the property under rules adopted by the state board of tax commissioners."**

Page 3, line 2, after "means" insert ":".

Page 3, line 2, strike "either:".



- Page 3, line 3, strike "(A)".
- Page 3, run in lines 2 and 3.
- Page 3, line 5, delete "," and insert "."
- Page 3, line 5, strike "or".
- Page 3, strike lines 6 through 8.
- Page 3, after line 42, begin a new line block indented and insert:  
**"(13) "Schedule" means the schedule filed in accordance with section 5.5 of this chapter by a person who desires to obtain the deduction provided by section 4.5 of this chapter."**
- Page 4, line 13, after "chapter" delete ".".
- Page 4, line 14, reset in roman "and the deduction is allowed for five (5) years."
- Page 4, line 14, after "for" insert "**not more than**".
- Page 19, line 40, after "certified deduction application" insert "**or schedule**".
- Page 22, line 17, strike "certified".
- Page 22, line 18, strike "deduction application" and insert "**schedule**".
- Page 22, line 19, after "commissioners" insert ",".
- Page 22, line 19, after "with" insert "**the person's personal property return with the township assessor. The township assessor shall forward the personal property return and schedule to:**".
- Page 22, line 22, strike "and".
- Page 22, line 23, delete "." and insert "; **and**".
- Page 22, between lines 23 and 24, begin a new line block indented and insert:  
**"(3) the designating body."**
- Page 22, strike lines 24 through 25.
- Page 22, line 26, delete "or new research and development equipment, or both,".
- Page 22, line 26, strike "is installed".
- Page 22, strikes lines 27 through 28.
- Page 22, line 29, strike "in which the new manufacturing equipment".
- Page 22, line 29, delete "or new research and ".
- Page 22, line 30, delete " development equipment, or both,".
- Page 22, line 30, strike "is installed must file the application".
- Page 22, strike "between March 1 and June 14 of that year" and insert "**The designating body shall determine if all persons qualifying for the deduction provided by section 4.5 of this chapter have filed the required schedule. Before June 20 each year, the designating body shall notify each person that qualifies but failed**



to file the required schedule. A person failing to file the required schedule at the time of filing the personal property return must file the schedule with the appropriate township assessor and the designating body before July 15 each year. Before August 1 each year, the designating body shall compile and send to the county auditor a list of all persons eligible for the deduction and a statement whether the person filed the schedule required by this section."

Page 22, line 32, strike "deduction application" and insert "schedule".

Page 22, between lines 41 and 42, begin a new line block indented and insert:

**"(5) The compliance statement required by section 5.6 of this chapter.**

**(6) Any other information required by the state board of tax commissioners."**

Page 22, line 42, strike "deduction application" and insert "schedule".

Page 23, line 7, strike "deduction application" and insert "schedule".

Page 23, line 9, strike "deduction application" and insert "schedule".

Page 23, line 15, strike "deduction application" and insert "schedule".

Page 23, line 17, strike "deduction application" and insert "schedule".

Page 23, line 18, after "the" strike "deduction".

Page 23, line 19, strike "application" and insert "schedule".

Page 24, line 7, strike "deduction application" and insert "schedule".

Page 24, line 12, strike "application" and insert ".".

Page 24, line 16, strike "deduction application" and insert "schedule".

Page 25, delete lines 9 through 21.

Page 25, line 27, strike "deduction applications" and insert "deductions".

Page 26, line 32, before "statement" insert "completed".

Page 26, line 34, strike "waive noncompliance" and insert "**extend the date for compliance for a failure**".

Page 26, after line 37, begin a new paragraph and insert:

"SECTION 13. IC 6-1.1-15-1, AS AMENDED BY P.L.6-1997, SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 1. (a) A taxpayer may obtain a review by the county property tax assessment board of appeals of a county or township official's action with respect to the assessment of the



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taxpayer's tangible property if the official's action requires the giving of notice to the taxpayer. At the time that notice is given to the taxpayer, he shall also be informed in writing of:

- (1) his opportunity for review under this section; and
- (2) the procedures he must follow in order to obtain review under this section.

(b) In order to appeal a current assessment and have a change in the assessment effective for the most recent assessment date, the taxpayer must file a petition with the assessor of the county in which the action is taken:

- (1) within forty-five (45) days after notice of a change in the assessment is given to the taxpayer; or
- (2) May 10 of that year;

whichever is later. The county assessor shall notify the county auditor **and the state board of tax commissioners** that the assessment is under appeal. **In addition, the notice shall be sent to each affected taxing unit when the appealed items constitute at least one percent (1%) of the taxing unit's total gross certified assessed value for the immediately preceding year. The notice must include the appellant's name, address, and the assessed value for the assessment date the year before the appeal and the assessed value on the most recent assessment date.**

- (c) A change in an assessment made as a result of an appeal filed:
- (1) in the same year that notice of a change in the assessment is given to the taxpayer; and
  - (2) after the time prescribed in subsection (b);

becomes effective for the next assessment date.

(d) A taxpayer may appeal a current real estate assessment in a year even if the taxpayer has not received a notice of assessment in the year. If an appeal is filed on or before May 10 of a year in which the taxpayer has not received notice of assessment, a change in the assessment resulting from the appeal is effective for the most recent assessment date. If the appeal is filed after May 10, the change becomes effective for the next assessment date.

(e) The state board of tax commissioners shall prescribe the form of the petition for review of an assessment determination by a township assessor. The board shall issue instructions for completion of the form. The form and the instructions must be clear, simple, and understandable to the average individual. An appeal of such a determination must be made on the form prescribed by the board. The form must require the petitioner to specify the following:

- (1) The physical characteristics of the property in issue that bear



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on the assessment determination.

(2) All other facts relevant to the assessment determination.

(3) The reasons why the petitioner believes that the assessment determination by the township assessor is erroneous.

(f) The state board of tax commissioners shall prescribe a form for a response by the township assessor to the petition for review of an assessment determination. The board shall issue instructions for completion of the form. The form must require the township assessor to indicate:

(1) agreement or disagreement with each item indicated on the petition under subsection (e); and

(2) the reasons why the assessor believes that the assessment determination is correct.

(g) Immediately upon receipt of a timely filed petition on the form prescribed under subsection (e), the county assessor shall forward a copy of the petition to the township assessor who made the challenged assessment. The township assessor shall, within thirty (30) days after the receipt of the petition, attempt to hold a preliminary conference with the petitioner and resolve as many issues as possible. Within ten (10) days after the conference, the township assessor shall forward to the county auditor and county assessor a completed response to the petition on the form prescribed under subsection (f). The county assessor shall immediately forward a copy of the response form to the petitioner and the county property tax assessment board of appeals. ~~If the county auditor determines that the appealed items on which there is disagreement constitute at least one percent (1%) of the total gross certified assessed value of the immediately preceding year for any particular unit, the county auditor shall immediately notify the fiscal officer of the unit.~~ If after the conference there are items listed in the petition on which there is disagreement, the property tax assessment board of appeals shall hold a hearing within ninety (90) days of the filing of the petition on those items of disagreement, **except as provided in subsection (h)**. The taxpayer may present the taxpayer's reasons for disagreement with the assessment. The township assessor or county assessor for the county must present the basis for the assessment decision on these items to the board of appeals at the hearing and the reasons the petitioner's appeal should be denied on those items. The board of appeals shall have a written record of the hearing and prepare a written statement of findings and a decision on each item within sixty (60) days of the hearing. If the township assessor does not attempt to hold a preliminary conference, the board shall accept the appeal of the petitioner at the hearing.

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**(h) The county property tax assessment board of appeals shall hold its hearing within one hundred eighty (180) days instead of ninety (90) days in a county having a population of more than four hundred thousand (400,000).**

SECTION 14. IC 6-1.1-15-4, AS AMENDED BY P.L.6-1997, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 4. (a) After receiving a petition for review which is filed under section 3 of this chapter, the division of appeals of the state board of tax commissioners shall conduct a hearing at its earliest opportunity. In addition, the division of appeals of the state board may assess the property in question, correcting any errors which may have been made. The division of appeals of the state board shall give notice of the date fixed for the hearing, by mail, to the taxpayer and to the appropriate township assessor, county assessor, and county auditor. **In addition, the notice shall be sent to each affected taxing unit when the appealed items constitute at least one percent (1%) of the taxing unit's total gross certified assessed value for the immediately preceding year.** The division of appeals of the state board shall give these notices at least ten (10) days before the day fixed for the hearing. **The notice must include the appellant's name, address, and the assessed value for the assessment date the year before the appeal and the assessed value on the most recent assessment date.**

(b) If a petition for review does not comply with the state board of tax commissioners' instructions for completing the form prescribed under section 3 of this chapter, the division of appeals of the state board of tax commissioners shall return the petition to the petitioner and include a notice describing the defect in the petition. The petitioner then has thirty (30) days from the date on the notice to cure the defect and file a corrected petition. The division of appeals of the state board of tax commissioners shall deny a corrected petition for review if it does not substantially comply with the state board of tax commissioners' instructions for completing the form prescribed under section 3 of this chapter.

(c) The state board of tax commissioners shall prescribe a form for use in processing petitions for review of actions by the county property tax assessment board of appeals. The state board shall issue instructions for completion of the form. The form must require the division of appeals of the state board to indicate agreement or disagreement with each item that is:

- (1) indicated on the petition submitted under section 1(e) of this chapter;



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- (2) included in the township assessor's response under section 1(g) of this chapter; and
- (3) included in the county property tax assessment board of appeals' findings, record, and determination under section 2.1(d) of this chapter.

The form must also require the division of appeals of the state board to indicate the issues in dispute and its reasons in support of its resolution of those issues.

(d) After the hearing the division of appeals of the state board shall give the petitioner, the township assessor, the county assessor, ~~and~~ the county auditor, **and the affected taxing units required to be notified under subsection (a):**

- (1) notice, by mail, of its final determination;
- (2) a copy of the form completed under subsection (c); and
- (3) notice of the procedures they must follow in order to obtain court review under section 5 of this chapter.

(e) The division of appeals of the state board of tax commissioners shall conduct a hearing within six (6) months after a petition in proper form is filed with the division, excluding any time due to a delay reasonably caused by the petitioner. The division of appeals shall make a determination within the later of forty-five (45) days after the hearing or the date set in an extension order issued by the chairman of the state board of tax commissioners. However, the state board of tax commissioners may not extend the final determination date by more than one hundred eighty (180) days. Except as provided in subsection

~~(g)~~ **(f):**

- (1) the failure of the division of appeals to make a determination within the time allowed by this subsection shall be treated as a final determination of the state board of tax commissioners to deny the petition; and
- (2) a final decision of the division of appeals is a final determination of the state board of tax commissioners.

~~(g)~~ **(f)** A final determination of the division of appeals is not a final determination of the state board of tax commissioners if the state board of tax commissioners:

- (1) gives notice to the parties that the state board of tax commissioners will review the determination of the division of appeals within fifteen (15) days after the division of appeals gives notice of the determination to the parties or the maximum allowable time for the issuance of a determination under subsection ~~(f)~~ **(e)** expires; or
- (2) determines to rehear the determination under section 5 of this



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chapter.

The state board of tax commissioners shall conduct a review under subdivision (1) in the same manner as a rehearing under section 5 of this chapter.

SECTION 15. IC 6-1.1-15-5, AS AMENDED BY P.L.6-1997, SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 5. (a) Within fifteen (15) days after the division of appeals of the state board of tax commissioners gives notice of its final determination under section 4 of this chapter to the party or the maximum allowable time for the issuance of a determination by the division of appeals under section 4 of this chapter expires, a party to the proceeding may request a rehearing before the board. The board may conduct a rehearing and affirm or modify its final determination, giving the same notices after the rehearing as are required by section 4 of this chapter. The state board of tax commissioners has thirty (30) days after receiving a petition for a rehearing to determine whether to grant a rehearing. Failure to grant a rehearing within thirty (30) days after receiving the petition shall be treated as a final determination to deny the petition. A petition for a rehearing does not toll the time in which to file a petition for judicial review unless the petition for rehearing is granted. If the state board of tax commissioners determines to rehear a final determination of the division of appeals, the state board of tax commissioners:

- (1) may conduct the additional hearings that the state board of tax commissioners determines necessary or review the written record of the division of appeals without additional hearings; and
- (2) shall issue a final determination within ninety (90) days after notifying the parties that the state board of tax commissioners will rehear the determination.

Failure of the state board of tax commissioners to make a determination within the time allowed under subdivision (2) shall be treated as a final determination affirming the decision of the division of appeals.

(b) A person may appeal the final determination of the division of appeals or the state board of tax commissioners regarding the assessment of that person's tangible property. The appeal shall be taken to the tax court. Appeals may be consolidated at the request of the appellants if it can be done in the interest of justice.

(c) If a person desires to initiate an appeal of the state board of tax commissioners' final determination, the person shall:

- (1) file a written notice with the state board of tax commissioners informing the board of his intention to appeal;
- (2) file a complaint in the tax court; and



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(3) serve the attorney general and the county assessor with a copy of the complaint.

(d) To initiate an appeal under this section, a person must take the action required by subsection (c) within:

(1) forty-five (45) days after the state board of tax commissioners gives the person notice of its final determination under IC 6-1.1-14-11 unless a rehearing is conducted under subsection (a);

(2) thirty (30) days after the board gives the person notice under subsection (a) of its final determination, if a rehearing is conducted under subsection (a) or the maximum time elapses for the state board of tax commissioners to make a determination under this section; or

(3) forty-five (45) days after the division of appeals gives notice of a final determination under section 4 of this chapter or the division fails to make a determination within the maximum time allowed under section 4 of this chapter, if a rehearing is not granted under this section.

(e) The failure of the state board of tax commissioners to conduct a hearing within the time period prescribed in section 4(b) of this chapter does not constitute notice to the person of a board determination.

(f) In a case in which the final determination of the state board of tax commissioners would result in a claim by a taxpayer with respect to a particular year for a refund that exceeds:

(1) eight hundred thousand dollars (\$800,000); or

(2) an amount equal to ten percent (10%) of the aggregate tax levies of ~~an~~ **any taxing unit** in the county for that year;

whichever is less, the county executive may take an appeal to the tax court in the manner prescribed in this section ~~but only~~ upon request by the county assessor **or an affected taxing unit. If the appeal is taken at the request of an affected taxing unit, the taxing unit shall pay the costs of the appeal.**

SECTION 16. IC 6-1.1-15-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 6. (a) If an appeal is initiated by a person under section 5 of this chapter, the secretary of the state board of tax commissioners shall prepare a certified **transcript record** of the proceedings related to the appeal. ~~However, the transcript shall not include the evidence compiled by the board with respect to the proceedings. The secretary of the board shall transmit the transcript to the clerk of the court designated by the appellant. The record must consist of the following documents:~~

(1) Copies of all papers submitted to the state board during

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the course of the action and copies of all papers provided to the parties by the state board. The term "papers" includes without limitation all notices, petitions, motions, photographs, and other written documents.

(2) The transcript of the evidence and proceedings at the administrative hearing conducted by the division of appeals of the state board.

(3) Copies of all exhibits and physical objects provided to the division of appeals of the state board during the course of the administrative hearing conducted by the division of appeals. Copies of the exhibits that, because of their nature, cannot be incorporated into the record must be kept by the state board until the appeal is finally terminated. However, this evidence must be briefly named and identified in the transcript of the evidence and proceedings.

(b) If a report of all or part of the evidence or proceedings at the hearing conducted by the state board was not made, or if a transcript is unavailable, a party to the appeal initiated under section 5 of this chapter may prepare a statement of the evidence or proceedings from the best available means, including the party's recollection. The statement must be submitted to the Indiana tax court and must also be served on all other parties who may then serve objections or prepare amendments to the statement within ten (10) days after service.

(c) If, on appeal, any difference arises as to whether the record, or the statement of evidence or proceedings when no record is available, truly discloses what occurred during board proceedings, the differences shall be submitted to the state board and settled by the state board and the record made to conform to the truth.

SECTION 17. IC 6-1.1-15-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 9. (a) If tangible property is reassessed by the state board of tax commissioners under section 8 of this chapter, the owner of the property has a right to appeal the board's final determination of the reassessment. In a case meeting the requirements of section 5(f)(1) or 5(f)(2) of this chapter, the county executive ~~also has a right to~~ **may** appeal the board's final determination of the reassessment ~~but only~~ upon request by the county assessor **or an affected taxing unit. If the appeal is taken at the request of an affected taxing unit, the taxing unit shall pay the costs of the appeal.**

(b) An appeal under this section must be initiated in the manner prescribed in section 5 of this chapter.



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SECTION 18. IC 6-1.1-15-10, AS AMENDED BY P.L.86-1995, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 10. **(a) This section applies to a petition for review to a board or an appeal to the tax court involving less than:**

- (1) five hundred thousand dollars (\$500,000) in assessed value resulting from an original assessment; or**
- (2) an increase of five hundred thousand dollars (\$500,000) in assessed value from one (1) year to the next.**

~~(a)~~ **(b)** If a petition for review to any board or an appeal to the tax court regarding an assessment or increase in assessment is pending, the taxes resulting from the assessment or increase in assessment are, notwithstanding the provisions of IC 6-1.1-22-9, not due until after the petition for review, or the appeal, is finally adjudicated and the assessment or increase in assessment is finally determined. However, even though a petition for review or an appeal is pending, the taxpayer shall pay taxes on the tangible property when the property tax installments come due, unless the collection of the taxes is enjoined pending an original tax appeal under IC 33-3-5. The amount of taxes which the taxpayer is required to pay, pending the final determination of the assessment or increase in assessment, shall be based on:

- (1) the assessed value reported by the taxpayer on his personal property return if a personal property assessment, or an increase in such an assessment, is involved; or
- (2) an amount based on the immediately preceding year's assessment of real property if an assessment, or increase in assessment, of real property is involved.

~~(b)~~ **(c)** If the petition for review or the appeal is not finally determined by the last installment date for the taxes, the taxpayer, upon showing of cause by a taxing official or at the tax court's discretion, may be required to post a bond or provide other security in an amount not to exceed the taxes resulting from the contested assessment or increase in assessment.

~~(c)~~ **(d)** Each county auditor shall keep separate on the tax duplicate a record of that portion of the assessed value of property on which a taxpayer is not required to pay taxes under subsection ~~(a)~~: **(b)**. When establishing rates and calculating state school support, the state board of tax commissioners shall recognize the fact that a taxpayer is not required to pay taxes under certain circumstances.

SECTION 19. IC 6-1.1-15-10.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: **Sec. 10.5. (a) This section applies**



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to a petition for review to a board or an appeal to the tax court involving at least:

- (1) five hundred thousand dollars (\$500,000) in assessed value resulting from an original assessment; or
- (2) an increase of five hundred thousand dollars (\$500,000) in assessed value from one (1) year to the next.

(b) If a petition for review to a board or an appeal to the tax court regarding an assessment or increase in assessment is pending, the taxes resulting from the assessment or increase in assessment may be paid. On each semiannual due date for payment of property taxes, the county assessor shall provide the county treasurer a list by tax district of the parcels eligible under subsection (a). The list must include the parcel or tax number, the appellant's name, address, and the assessed value for the assessment date of the year before the appeal, the assessed value on the most recent assessment date, and the difference in assessed value. Within sixty (60) days after receiving the list, the county treasurer shall report the collection to the county auditor.

(c) Within ninety (90) days of the semiannual due date of taxes, the county auditor shall certify the information received under subsection (b) to the various taxing units and the state board of tax commissioners. The unit shall deposit the taxes attributable to the disputed assessment in an interest bearing reserve account until after the petition for review or the appeal is finally adjudicated and the assessment, or increase in assessment is finally determined. A taxing unit may not expend property taxes held in reserve under this section.

(d) The county auditor shall keep separate on the tax duplicate a record of that part of the assessed value of property on which property taxes are held in reserve under subsection (b). When establishing rates and calculating state school support, the state board of tax commissioners shall recognize the fact that a taxing unit may not expend property taxes held in reserve under this section.

(e) A refund to a prevailing taxpayer shall be paid first from the property taxes held in reserve under this section.

(f) If an assessment or increase in assessment is upheld in a final determination, the county treasurer shall transfer the property taxes and interest held under this section in an amount proportional to the amount of property taxes foregone by each taxing unit under this section to the fiscal officer of each taxing unit in the county.



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**(g) The taxing unit shall deposit property taxes and interest transferred under subsection (f) into the taxing unit's levy excess fund.**

**(h) The state board of tax commissioners shall adopt rules under IC 4-22-2 to implement this section.**

SECTION 20. IC 6-1.1-15-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 11. **(a)** If a review or appeal authorized under this chapter results in a reduction of the amount of an assessment or if the state board of tax commissioners on its own motion reduces an assessment, the taxpayer is entitled to a credit in the amount of any overpayment of tax on the next successive tax installment, if any, due in that year. If, after the credit is given, a further amount is due the taxpayer, he may file a claim for the amount due. If the claim is allowed by the board of county commissioners, the county auditor shall, without an appropriation being required, pay the amount due the taxpayer. **However, if the amount due the taxpayer exceeds one hundred thousand dollars (\$100,000), the county auditor may pay the amount due in not more than four (4) annual installments to the extent the amount has not been deposited in an escrow account under section 10.5 of this chapter.** The county auditor shall charge the amount refunded to the taxpayer against the accounts of the various taxing units to which the overpayment has been paid.

**(b) If the county auditor pays the amount due the taxpayer in annual installments under subsection (a), the taxpayer is entitled to receive with each installment the interest accrued upon the total amount due the taxpayer at six percent (6%) per annum.**

**(c) Notwithstanding subsection (a), the county auditor, the taxing units to which the overpayment has been paid, and the taxpayer may agree to a mutually satisfactory payment schedule.**

SECTION 21. IC 6-1.1-17-1, AS AMENDED BY P.L.50-1996, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the state board of tax commissioners. The statement shall contain:

- (1) information concerning the assessed valuation in the political subdivision for the next calendar year;
- (2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

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(3) the current assessed valuation as shown on the abstract of charges;

**(4) the appellant's name, address, and the assessed value for the assessment date the year before the appeal and the assessed value on the most recent assessment date for each petition for review filed with any board or an appeal to the tax court for petitions and appeals as of July 15;**

~~(4)~~ **(5) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the state board of tax commissioners; and**

~~(5)~~ **(6) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.**

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 22. IC 6-1.1-17-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: **Sec. 2.5. (a) When certifying the assessed value of a political subdivision for budget making purposes, the county auditor:**

**(1) shall exclude appealed assessed value; and**

**(2) may exclude assessed value of property that is part of a bankruptcy estate, if the county auditor determines that the property taxes will be uncollectible if assessed.**

**The amount to be excluded under subdivision (1) shall be determined by the county auditor but may not be greater than the difference in the assessed value for the assessment date the year before the assessment appeal and the assessed value on the most recent assessment date as certified by the county auditor under IC 6-1.1-17-1. If the appeal concerns the assessment of new property, the amount of assessed value to be excluded is only the amount subject to appeal as estimated by the county assessor.**

**(b) The proper officers of a political subdivision shall exclude**



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**appealed and bankruptcy assessed value excluded under subsection (a) when formulating the political subdivision's estimated budget and its proposed tax rate and tax levy for the ensuing budget year.**

SECTION 23. IC 6-1.1-28-1, AS AMENDED BY P.L.6-1997, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 1. Each county shall have a county property tax assessment board of appeals composed of individuals who are at least eighteen (18) years of age and knowledgeable in the valuation of property. **Except for the county assessor, an individual who is an officer or employee of a county or township may not serve on the board of appeals in the county in which the individual is an officer or employee.** The fiscal body of the county shall appoint two (2) individuals to the board. At least one (1) of the members appointed by the county fiscal body must be a certified level two assessor-appraiser. The board of commissioners of the county shall appoint two (2) freehold members so that not more than three (3) of the five (5) members may be of the same political party and so that at least three (3) of the five (5) members are residents of the county. At least one (1) of the members appointed by the board of county commissioners must be a certified level two assessor-appraiser, **unless the county assessor is a certified level two assessor-appraiser.** A person appointed to a property tax assessment board of appeals may not serve on the property tax assessment board of appeals of another county at the same time. The members of the board shall elect a president. The employees of the county assessor shall provide administrative support to the property tax assessment board of appeals. The county assessor is a voting member of the property tax assessment board of appeals and shall serve as secretary of the board. The secretary shall keep full and accurate minutes of the proceedings of the board. A majority of the board constitutes a quorum for the transaction of business. Any question properly before the board may be decided by the agreement of a majority of the whole board.

SECTION 24. IC 6-1.1-31-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 1. (a) The state board of tax commissioners shall do the following:

- (1) Prescribe the property tax forms and returns which taxpayers are to complete and on which the taxpayers' assessments will be based.
- (2) Prescribe the forms to be used to give taxpayers notice of assessment actions.
- (3) Adopt rules concerning the assessment of tangible property.
- (4) Develop specifications that prescribe state requirements for

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computer software and hardware to be used by counties for assessment purposes. The specifications developed under this subdivision apply only to computer software and hardware systems purchased for assessment purposes after July 1, 1993.

**(5) Adopt rules establishing criteria for determining whether a project qualifies as rehabilitation under IC 6-1.1-12-18 or IC 6-1.1-12-22.**

**(6) Adopt rules establishing criteria for the revocation of a certification under IC 6-1.1-35.5-6.**

(b) The state board of tax commissioners may promulgate rules which are related to **property taxation** or the duties or the procedures of the board.

SECTION 25. IC 6-1.1-31-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 6. (a) With respect to the assessment of real property, the rules of the state board of tax commissioners shall provide for:

(1) ~~the classification~~ **just valuation** of land on the basis of **comparable sales for nonagricultural land and income capitalization for agricultural land using classifications and the most recent data concerning:**

- (i) acreage;
- (ii) lots;
- (iii) size;
- (iv) location;
- (v) use;
- (vi) productivity or earning capacity;
- (vii) applicable zoning provisions;
- (viii) accessibility to highways, sewers, and other public services or facilities; and
- (ix) any other factor that the board determines by rule is just and proper; and

(2) ~~the classification~~ **determining reproduction cost and depreciation** of improvements on the basis of **classifications and the most recent data concerning:**

- (i) size;
- (ii) location;
- (iii) use;
- (iv) type and character of construction;
- (v) age;
- (vi) condition;
- (vii) cost of reproduction; and
- (viii) any other factor that the board determines by rule is just



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and proper.

(b) With respect to the assessment of real property, the rules of the state board of tax commissioners shall **use the most recent data at the time the rules are adopted and** include instructions for determining:

- (1) the proper classification of real property;
- (2) the size of real property;
- (3) the effects that location and use have on the **true tax** value of real property;
- (4) the depreciation, including physical deterioration and obsolescence, of real property;
- (5) the cost of reproducing improvements;
- (6) the productivity or earning capacity of land; and
- (7) the true tax value of real property based on the factors listed in this subsection and any other factor that the board determines by rule ~~is just and proper.~~ **is necessary to provide for the just valuation of property.**

(c) **The rules of the state board of tax commissioners shall include instructions for determining the starting point for the valuation of used depreciable personal property after a sale or transfer of the property.**

~~(c) With respect to the assessment of real property, true tax value does not mean fair market value.~~ (d) True tax value is **the value just valuation when it is** determined under the rules of the state board of tax commissioners.

SECTION 26. IC 6-1.1-31-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 7. (a) With respect to the assessment of personal property, the rules of the state board of tax commissioners shall provide for the classification of personal property on the basis of **the most recent data concerning:**

- (1) date of purchase;
- (2) location;
- (3) use;
- (4) depreciation, obsolescence and condition; and
- (5) any other factor that the board determines by rule ~~is just and proper.~~ **is necessary to provide for the just valuation of property.**

(b) With respect to the assessment of personal property, the rules of the state board of tax commissioners shall **use the most recent data at the time the rules are adopted and** include instructions for determining:

- (1) the proper classification of personal property;
- (2) the effect that location has on the **true tax** value of personal



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property;

(3) the cost of reproducing personal property;

(4) the depreciation, including physical deterioration and obsolescence, of personal property; and

(5) the true tax value of personal property based on the factors listed in this subsection and any other factor that the board determines by rule ~~is just and proper~~. **is necessary to provide for the just valuation of property.**

(c) In providing for the classification of personal property and the instructions for determining the items listed in subsection (b), the state board of tax commissioners shall not include the value of land as a cost of producing tangible personal property subject to assessment.

(d) ~~With respect to the assessment of personal property, true tax value does not mean fair market value.~~ True tax value is the **value just valuation** determined under **the** rules of the state board of tax commissioners.

SECTION 27. IC 6-1.1-31.5-2, AS ADDED BY P.L.6-1997, SECTION 107, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 2. (a) The board shall adopt rules under IC 4-22-2 to prescribe computer specification standards and for the certification of:

- (1) computer operating systems;
- (2) computer software;
- (3) software providers;
- (4) computer service providers; and
- (5) computer equipment providers.

(b) The rules of the board shall provide for **the following:**

- (1) The effective and efficient administration of assessment laws.
- (2) The prompt updating of assessment data **annually in a manner that the assessments may be updated each year using the most recent valuation standards, beginning in 2002.**
- (3) The administration of information contained in the sales disclosure form, as required under IC 6-1.1-5.5. ~~and~~
- (4) **Annually updating the land valuation standards under IC 6-1.1-4-13.6, beginning in 2002.**
- (5) **Annually updating the standards for reproduction costs and depreciation as determined under IC 6-1.1-31-6 and IC 6-1.1-31-7, beginning in 2002.**
- (6) **Annually updating the income capitalization standards for agricultural land as determined under IC 6-1.1-4-13, beginning in 2002.**

~~(4)~~ (7) **Any** other information necessary to carry out the



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administration of the property tax assessment laws.

(c) After December 31, 1998, a county may contract only for computer software and with software providers, computer service providers, and equipment providers that are certified by the board under the rules described in subsection (a).

(d) ~~The initial rules under this section must be adopted under IC 4-22-2 before January 1, 1998. The rules adopted must use the most recent data available at the time the rules are adopted for establishing standards for determining reproduction cost, depreciation, comparable sales, and income capitalization.~~

SECTION 28. IC 6-1.1-31.5-3, AS ADDED BY P.L.6-1997, SECTION 107, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 3. (a) After December 31, 1998, each county shall maintain a state certified computer system that has the capacity to:

- (1) process and maintain assessment records;
- (2) process and maintain standardized property tax forms;
- (3) process and maintain standardized property assessment notices;
- (4) maintain complete and accurate assessment records for the county; and
- (5) process and compute complete and accurate assessments in accordance with Indiana law.

The county assessor with the recommendation of the township assessors shall select the computer system used by township assessors and the county assessor in the county except in a county with a township assessor elected under IC 36-6-5-1 in every township. In a county with an elected township assessor under IC 36-6-5-1 in every township, the county assessor shall select a computer system based on a majority vote of the township assessors in the county.

(b) All information on the computer system shall be readily accessible to:

- (1) township assessors;
- (2) the county assessor;
- (3) the board; and
- (4) members of the county property tax assessment board of appeals.

(c) The certified system used by the counties must be compatible with the data export and transmission requirements in a standard format prescribed by the board. The certified system must be maintained in a manner that ensures prompt and accurate transfer of data to the board.

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(d) All standardized property forms and notices on the certified computer system shall be maintained by the township assessor and the county assessor in an accessible location and in a format that is easily understandable for use by persons of the county.

**(e) After December 31, 2001, the state certified computer system maintained by each county must have the capacity to update before March 15 of each year the following data:**

- (1) The cost of reproducing improvements.**
- (2) The depreciation of real property.**
- (3) The value of land as determined under IC 6-1.1-4-13.6.**
- (4) The productivity or earning capacity of land used for agriculture as determined under IC 6-1.1-4-13.**

SECTION 29. IC 6-1.1-35.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 4. (a) The level one examination shall be given in the month of July, and the level two examination shall be given in the month of August. Both level examinations also shall be offered annually immediately following the conference of state board of tax commissioners and at any other times that coordinate with ~~applicable courses of instruction: training sessions conducted under IC 6-1.1-35.2-2.~~ The state board of tax commissioners may also give either or both examinations at other times throughout the year.

(b) Examinations shall be held **annually** in Indianapolis ~~at a location and at not less than four (4) other convenient locations~~ chosen by the state board of tax commissioners.

**(c) The state board of tax commissioners may not limit the number of individuals who take the examination and shall provide an opportunity for all enrollees at each session to take the examination at that session.**

SECTION 30. IC 6-1.1-35.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 6. (a) The state board of tax commissioners shall certify all persons who successfully perform **on** an examination under this chapter and shall furnish them with a certificate that prominently displays the name of the successful examinee and the fact that he is a level one or level two certified Indiana assessor-appraiser.

**(b) The state board of tax commissioners shall revoke the certification of an individual if the state board reasonably determines that the individual committed fraud or misrepresentation with respect to the preparation, administration, or taking of the examination. The state board of tax commissioners shall give notice and hold a hearing to consider all the evidence**



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about the fraud or misrepresentation before revoking the individual's certification.

SECTION 31. IC 6-1.1-43-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 5. (a) The department of commerce shall adopt rules under IC 4-22-2 to implement this chapter.**

**(b) The department of commerce shall annually prepare a report on the implementation of this chapter. The report must be submitted before December 31 each year to the following:**

- (1) The governor.**
- (2) The lieutenant governor.**
- (3) The general assembly.**

SECTION 32. IC 6-3.1-19 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]:

**Chapter 19. Community Revitalization Enhancement District Tax Credit**

**Sec. 1. As used in this chapter, "state and local tax liability" means a taxpayer's total tax liability incurred under:**

- (1) IC 6-2.1 (the gross income tax);**
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);**
- (3) IC 6-3-8 (the supplemental corporate net income tax);**
- (4) IC 6-3.5-1.1 (county adjusted gross income tax);**
- (5) IC 6-3.5-6 (county option income tax);**
- (6) IC 6-3.5-7 (county economic development income tax);**
- (7) IC 6-5-10 (the bank tax);**
- (8) IC 6-5-11 (the savings and loan association tax);**
- (9) IC 6-5.5 (the financial institutions tax); and**
- (10) IC 27-1-18-2 (the insurance premiums tax);**

**as computed 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.**

**Sec. 2. As used in this chapter, "qualified investment" means the amount of a taxpayer's expenditures that is:**

- (1) for redevelopment or rehabilitation of property located within a community revitalization enhancement district designated under IC 36-7-13;**
- (2) made under a plan adopted by an advisory commission on industrial development under IC 36-7-13; and**
- (3) approved by the department of commerce before the expenditure is made.**

**Sec. 3. (a) Subject to section 5 of this chapter, a taxpayer is**



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entitled to a credit against the taxpayer's state and local tax liability for a taxable year if the taxpayer makes a qualified investment in that year.

(b) The amount of the credit to which a taxpayer is entitled is the qualified investment made by the taxpayer during the taxable year multiplied by twenty-five percent (25%).

(c) A taxpayer may assign any part of the credit to which the taxpayer is entitled under this chapter to a lessee of property redeveloped or rehabilitated under section 2 of this chapter. A credit that is assigned under this subsection remains subject to this chapter.

(d) An assignment under subsection (c) must be in writing and both the taxpayer and the lessee must report the assignment on their state tax return for the year in which the assignment is made, in the manner prescribed by the department. The taxpayer may not receive value in connection with the assignment under subsection (c) that exceeds the value of the part of the credit assigned.

**Sec. 4.** If the amount of the credit determined under section 3 of this chapter for a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the immediately following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback or refund of any unused credit.

**Sec. 5. (a)** Except as provided in subsection (b), a taxpayer is not entitled to claim the credit provided by this chapter to the extent that the taxpayer substantially reduces or ceases its operations in Indiana in order to relocate them within the district.

(b) Notwithstanding subsection (a), a taxpayer's substantial reduction or cessation of operations in Indiana in order to relocate operations to a district does not make a taxpayer ineligible for a credit under this chapter if:

- (1) the taxpayer had existing operations in the district; and
- (2) the operations relocated to the district are an expansion of the taxpayer's operations in the district.

(c) A determination that a taxpayer is not entitled to the credit provided by this chapter as a result of a substantial reduction or cessation of operations applies to credits that would otherwise arise in the taxable year in which the substantial reduction or cessation occurs and in all subsequent years. Determinations under this

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section shall be made by the department of state revenue.

**Sec. 6. To receive the credit provided by this section, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue all information that the department determines is necessary for the calculation of the credit provided by this chapter and for the determination of whether an expenditure was for a qualified investment.**

SECTION 33. IC 6-6-5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 10. (a) The bureau shall establish procedures necessary for the collection of the tax imposed by this chapter and for the proper accounting for the same. The necessary forms and records shall be subject to approval by the state board of accounts.

(b) The county treasurer upon receiving the excise tax collections shall receipt such collections into a separate account for settlement thereof at the same time as property taxes are accounted for and settled in June and December of each year, with the right and duty of the treasurer and auditor to make advances prior to the time of final settlement of such property taxes in the same manner as provided in IC 5-13-6-3.

(c) The county auditor shall determine the total amount of excise taxes collected for each taxing unit in the county and the amount so collected shall be apportioned and distributed among the respective funds of each taxing unit in the same manner and at the same time as property taxes are apportioned and distributed.

(d) Such determination shall be made from copies of vehicle registration forms furnished by the bureau of motor vehicles. Prior to such determination, the county ~~assessor~~ **auditor** of each county shall, from copies of registration forms, cause information pertaining to legal residence of persons owning taxable vehicles to be verified ~~from his records; to the extent such verification can be so made. He and~~ shall further identify and verify ~~from his records~~ the several taxing units within which such persons reside.

~~(e) Such verifications shall be done by not later than thirty (30) days after receipt of vehicle registration forms by the county assessor, and the assessor shall certify such information to the county auditor for his use as soon as it is checked and completed.~~

SECTION 34. IC 20-5-7-6 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: **Sec. 6. The county auditor shall make**

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**available to the treasurer, or the treasurer's designee, of each school corporation in the county the tax duplicates held by the county auditor and county treasurer.**

SECTION 35. IC 36-2-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 3. (a) The county fiscal body shall fix the compensation of officers, deputies, and other employees whose compensation is payable from the county general fund, county highway fund, county health fund, county park and recreation fund, aviation fund, or any other fund from which the county auditor issues warrants for compensation. This includes the power to:

- (1) fix the number of officers, deputies, and other employees;
- (2) describe and classify positions and services;
- (3) adopt schedules of compensation; and
- (4) hire or contract with persons to assist in the development of schedules of compensation.

**(b) The county fiscal body shall fix the compensation of a county assessor who has attained a level two certification under IC 6-1.1-35.5 at an amount that is one thousand dollars (\$1,000) more than the compensation of an assessor who has not attained a level two certification.**

~~(b)~~ (c) Notwithstanding subsection (a), the board of each local health department shall prescribe the duties of all its officers and employees, recommend the number of positions, describe and classify positions and services, adopt schedules of compensation, and hire and contract with persons to assist in the development of schedules of compensation.

~~(c)~~ (d) This section does not apply to community corrections programs (as defined in IC 11-12-1-1 and IC 35-38-2.6-2).

SECTION 36. IC 36-2-7-13, AS AMENDED BY P.L.253-1997(ss), SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1997 (RETROACTIVE)]: Sec. 13. The county fiscal body may grant to the county assessor, in addition to the compensation fixed under IC 36-2-5, a per diem for each day that the assessor is engaged in general reassessment activities, **including service on the county land valuation commission.** This section applies regardless of whether professional assessing services are provided under a contract to one (1) or more townships in the county.

SECTION 37. IC 36-4-10-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 5. (a) This section applies to second class cities.

(b) The fiscal officer is the head of the city department of finance. The fiscal officer shall do the following:

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- (1) Prescribe the form of reports and accounts to be submitted to the department.
- (2) Sign and issue all warrants on the city treasury.
- (3) Audit and revise all accounts and trusts in which the city is concerned.
- (4) Keep separate accounts for each item of appropriation made for each city department, including a statement showing the amount drawn on each appropriation, the unpaid contracts charged against it, and the balance remaining.
- (5) At the end of each fiscal year, submit under oath to the city legislative body a report of the accounts of the city published in pamphlet form and showing revenues, receipts, expenditures, and the sources of revenues.
- (6) Maintain custody of the records of the department and turn them over to the fiscal officer's successor in office.
- (7) Perform duties prescribed by statute concerning the negotiation of city bonds, notes, and warrants.
- (8) Keep a register of bonds of the city and of transfers of those bonds.
- (9) Manage the finances and accounts of the city and make investments of city money, subject to the ordinances of the legislative body.
- (10) Issue city licenses on payment of the license fee.
- (11) Collect fees as fixed by ordinance.
- (12) Pay into the city treasury, once each week, all fees and other city money collected by the department during the preceding week, specifying the source of each item.
- (13) Prescribe payroll and account forms for all city offices.
- (14) Prescribe the manner in which salaries shall be drawn.
- (15) Prescribe the manner in which creditors, officers, and employees shall be paid.
- (16) Provide that all salaries are payable monthly, unless the legislative body establishes more frequent payments.
- (17) Notify the city executive of the failure of any city officer to collect money due the city or to pay city money into the city treasury.
- (18) Draw warrants on the city treasury for miscellaneous city expenditures not made under the direction of a department and not specifically fixed by statute.
- (19) Examine for proper form concerning city taxes the tax duplicates held by the county auditor and county treasurer.**
- (20) Examine property tax assessments for proper form**

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**concerning city taxes.**

SECTION 38. IC 36-6-8-5, AS AMENDED BY P.L.6-1997, SECTION 207, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 5. (a) When performing the real property reassessment duties prescribed by IC 6-1.1-4, an elected township assessor may receive per diem compensation, in addition to salary, at a rate fixed by the county fiscal body, for each day that he is engaged in reassessment activities, **including service on the county land valuation commission.**

(b) Subsection (a) applies regardless of whether professional assessing services are provided to a township under contract.

SECTION 39. IC 36-7-13-1.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 1.6. As used in this chapter, "district" refers to a community revitalization enhancement district designated under section 12 of this chapter.**

SECTION 40. IC 36-7-13-2.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 2.4. As used in this chapter, "gross retail base period amount" means the aggregate amount of state gross retail and use taxes remitted under IC 6-2.5 by the businesses operating in the territory comprising a district during the full state fiscal year that precedes the date on which an advisory commission on industrial development adopted a resolution designating the district.**

SECTION 41. IC 36-7-13-2.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 2.6. As used in this chapter, "gross retail incremental amount" means the remainder of:**

- (1) the aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in a district during a state fiscal year; minus
- (2) the gross retail base period amount;

**as determined by the department of state revenue under section 14 of this chapter.**

SECTION 42. IC 36-7-13-3.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 3.2. As used in this chapter, "income tax base period amount" means the aggregate amount of state and local income taxes paid by employees employed in the territory comprising a district with respect to wages and salary earned for work in the district for the state fiscal year that**



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precedes the date on which an advisory commission on industrial development adopted a resolution designating the district.

SECTION 43. IC 36-7-13-3.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 3.4. As used in this chapter, "income tax incremental amount" means the remainder of:**

- (1) the aggregate amount of state and local income taxes paid by employees employed in a district with respect to wages earned for work in the district for a particular state fiscal year; minus
- (2) the income tax base period amount;

as determined by the department of state revenue under section 14 of this chapter.

SECTION 44. IC 36-7-13-3.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 3.8. As used in this chapter, "state and local income taxes" means taxes imposed under any of the following:**

- (1) IC 6-2.1 (the gross income tax).
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).
- (3) IC 6-3-8 (the supplemental corporate net income tax).
- (4) IC 6-3.5-1.1 (county adjusted gross income tax).
- (5) IC 6-3.5-6 (county option income tax).
- (6) IC 6-3.5-7 (county economic development income tax).

SECTION 45. IC 36-7-13-4, AS AMENDED BY P.L.262-1993, SECTION 3 (CURRENT VERSION), IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 4. (a) To provide money for the purposes set forth in section 3 of this chapter, the unit shall create a special revolving fund to be known as the industrial development fund, into which any available and unappropriated money of the unit may be transferred by the unit's legislative body.**

(b) The legislative body may also by ordinance levy a tax not to exceed five cents (\$0.05) on each one hundred dollars (\$100) of assessed value of all personal and real property within its jurisdiction. The proceeds of this tax shall be deposited in the industrial development fund. The unit may collect the tax as other municipal or county taxes are collected, or may set up a system for the collection and enforcement of the tax in the unit. **The proceeds of the tax may be used for any purpose authorized by this chapter and may be pledged for the payment of principal and interest on bonds or other obligation issued under this chapter.**

SECTION 46. IC 36-7-13-4, AS AMENDED BY P.L.6-1997,



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SECTION 208 (DELAYED VERSION), IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 4. (a) To provide money for the purposes set forth in section 3 of this chapter, the unit shall create a special revolving fund to be known as the industrial development fund, into which any available and unappropriated money of the unit may be transferred by the unit's legislative body.

(b) The legislative body may also by ordinance levy a tax not to exceed one and sixty-seven hundredths cents (\$0.0167) on each one hundred dollars (\$100) of assessed value of all personal and real property within its jurisdiction. The proceeds of this tax shall be deposited in the industrial development fund. The unit may collect the tax as other municipal or county taxes are collected, or may set up a system for the collection and enforcement of the tax in the unit. **The proceeds of the tax may be used for any purpose authorized by this chapter and may be pledged for the payment of principal and interest on bonds or other obligation issued under this chapter.**

SECTION 47. IC 36-7-13-5, AS AMENDED BY P.L.1-1994, SECTION 175, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 5. (a) In order to coordinate the efforts of the unit and any private industrial development committee in the community, an advisory commission on industrial development shall be appointed by the unit's executive.

(b) **Except as provided in subsection (d)**, the commission shall be composed of six (6) members, including at least one (1) representative of the unit's government, at least one (1) representative of the local industrial development committee, at least one (1) representative of a local banking institution, at least one (1) representative of a local utility company, and at least one (1) representative of organized labor from the building trades. A member of the commission may represent more than one (1) of the organizations enumerated.

(c) The unit's legislative body shall request the commission's recommendations. The legislative body may not conduct any business requiring expenditures from the industrial development fund or make any sale or lease of property acquired by the unit under this chapter without the approval, in writing, of a majority of the members of the commission.

**(d) In addition to the members described in subsection (b), if the executive of a unit has submitted a petition to a commission under section 10 of this chapter, the following persons are members of the commission:**

- (1) A member appointed by the governor.
- (2) A member appointed by the lieutenant governor.

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**(3) A member appointed by the director of the department of workforce development.**

SECTION 48. IC 36-7-13-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 9. When the purposes for which the industrial development fund was established have been accomplished **and all districts designated by the unit have been terminated under section 19 of this chapter**, the balance remaining in that fund shall be transferred to the general fund of the unit and the authority for the levy of the tax provided by section 4 of this chapter ceases.

SECTION 49. IC 36-7-13-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 10. (a) After approval by ordinance or resolution of the legislative body of a municipality, the executive of the municipality may submit an application to an advisory commission on industrial development requesting that an area within the municipality be designated as a district.**

**(b) After approval by ordinance or resolution of the legislative body of a county, the executive of the county may submit an application to an advisory commission on industrial development requesting that an area within the county, but not within a municipality, be designated as a district.**

SECTION 50. IC 36-7-13-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 11. If a municipal or county executive submits an application requesting an area to be designated as a district under this chapter, the advisory commission on industrial development shall do the following:**

- (1) Compile information necessary to make a determination concerning whether the area meets the conditions necessary for designation as a district.**
- (2) Prepare maps showing the boundaries of the proposed district.**
- (3) Prepare a plan describing the ways in which the development obstacles described in section 12(b)(3) of this chapter in the proposed district will be addressed.**

SECTION 51. IC 36-7-13-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 12. (a) If a municipal or county executive has submitted an application to an advisory commission on industrial development requesting that an area be designated as a district under this chapter and the advisory commission has**



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compiled and prepared the information required under section 11 of this chapter concerning the area, the advisory commission may adopt a resolution designating the area as a district if it makes the findings described in subsection (b).

(b) An advisory commission may adopt a resolution designating a particular area as a district only after finding all of the following:

(1) The area contains:

- (A) a building or buildings with at least one million (1,000,000) square feet of usable interior floor space; or
- (B) at least five hundred (500) and not more than seven hundred fifty (750) acres of property zoned for industrial use.

(2) At least one thousand (1,000) fewer persons are employed in the area than were employed in the area during the year that is ten (10) years previous to the current year.

(3) There are significant obstacles to redevelopment of the area due to any of the following problems:

- (A) Obsolete or inefficient buildings.
- (B) Aging infrastructure or inefficient utility services.
- (C) Utility relocation requirements.
- (D) Transportation or access problems.
- (E) Topographical obstacles to redevelopment.
- (F) Environmental contamination.

(4) The unit has expended, appropriated, pooled, set aside, or pledged at least one hundred thousand dollars (\$100,000) for purposes of addressing the redevelopment obstacles described in subdivision (3).

(c) The advisory commission shall designate the duration of the zone but the duration must not exceed fifteen (15) years (at the time of designation).

SECTION 52. IC 36-7-13-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 13. (a) If an advisory commission on industrial development designates a district under section 12 of this chapter, the advisory commission shall send a certified copy of the resolution designating the district to the department of state revenue by certified mail.**

(b) Not later than sixty (60) days after receiving a copy of the resolution designating a district, the department of state revenue shall determine the gross retail base period amount and the income tax base period amount.

SECTION 53. IC 36-7-13-14 IS ADDED TO THE INDIANA



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CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 14.** Before the first business day in October of each year, the department shall calculate the income tax incremental amount and the gross retail incremental amount for the preceding state fiscal year for each district designated under this chapter.

SECTION 54. IC 36-7-13-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 15. (a)** If an advisory commission on industrial development designates a district under this chapter, the treasurer of state shall establish an incremental tax financing fund for the county. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

**(b)** Before July 2 of each calendar year, the department of state revenue, after reviewing the recommendation of the budget agency, shall estimate and certify to the advisory commission on industrial development the amount of the income tax incremental amount and the gross retail incremental amount that will be collected from the district during the twelve (12) month period beginning July 1 of that calendar year and ending June 30 of the following calendar year. The amount certified shall be deposited into the fund and shall be distributed on the dates specified in subsection (e) for the following calendar year. The amount certified may be adjusted under subsection (c) or (d).

**(c)** The department of state revenue may certify an amount that is greater than the estimated twelve (12) month income tax incremental amount collection and gross retail incremental amount collection if the department, after reviewing the recommendation of the budget agency, determines that there will be a greater amount of incremental income tax revenue or incremental gross retail tax revenue available for distribution from the fund.

**(d)** The department of state revenue may certify an amount less than the estimated twelve (12) month incremental amount collection and gross retail incremental amount collection if the department, after reviewing the recommendation of the budget agency, determines that a part of those collections needs to be distributed during the current calendar year so that the county will receive its full certified amount for the current calendar year.

**(e)** The auditor of state shall disburse a district's certified amount to the district's advisory commission on industrial development in equal semiannual installments on May 31 and

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**November 30 of each year.**

SECTION 55. IC 36-7-13-16 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 16. (a) A unit may issue bonds or other obligations to finance the costs of addressing the development obstacles described in section 12(b)(3) of this chapter in the district.**

**(b) The district bonds are special obligations of indebtedness of the district. The district bonds issued under this section, and interest on the district bonds, are payable solely out of amounts deposited in the industrial development fund under this chapter.**

SECTION 56. IC 36-7-13-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 17. Money in the industrial development fund may be pledged by an advisory commission to the following purposes:**

**(1) To pay debt service on bonds or other obligations issued under this chapter.**

**(2) To establish and maintain a debt service reserve established by the advisory commission.**

SECTION 57. IC 36-7-13-18 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 18. (a) As used in this section, "developer" means a person that:**

**(1) proposes to enter into, or has entered into, a financing agreement with a unit for the development or redevelopment of a facility located in a district; and**

**(2) has entered into a separate agreement with some other person for the use or operation of the financed facility.**

**(b) A unit may establish goals or benchmarks concerning the development or redevelopment of property by a developer. The unit may provide that a developer that meets or exceeds the goals or benchmarks shall be paid a specified fee from the industrial development fund.**

SECTION 58. IC 36-7-13-19 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 19. When the advisory commission determines that the purposes for which a district was established have been accomplished and that all bonds or other obligations issued under this chapter and all interest on those bonds or obligations have been fully paid, the advisory commission shall adopt a resolution terminating the district. If an advisory**



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commission adopts a resolution under this section, the advisory commission shall send a certified copy of the resolution by certified mail to the department.

SECTION 59. IC 36-7-13-20 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 20. The general assembly covenants that this chapter will not be repealed or amended in a manner that will adversely affect the owner of bonds or other obligations issued under this chapter.**

SECTION 60. IC 6-1.1-12.1-5.8 IS REPEALED [EFFECTIVE JANUARY 1, 1999].

SECTION 61. [EFFECTIVE JULY 1, 1998] **IC 6-1.1-10-42, as added by this act, applies only to property taxes first due and payable after December 31, 1998.**

SECTION 62. [EFFECTIVE JANUARY 1, 1997 (RETROACTIVE)]: (a) **This SECTION applies to a property owner who:**

- (1) before January 1, 1997, received notice from a:
  - (A) city that is a consolidated city; or
  - (B) city having a population of more than forty-four thousand six hundred (44,600) but less than forty-four thousand seven hundred (44,700);
 offering to provide property tax deductions to the property owner under IC 6-1.1-12.1;
- (2) has fulfilled all expectations of the city concerning job creation or retention, capital investment, and other requirements imposed by the city; and
- (3) is not eligible for the property tax deductions described in the agreement due to the failure of the property owner or the city, or both, to comply with one (1) or more requirements of IC 6-1.1-12.1.

(b) This subsection applies only to a city described in subsection (a)(1)(A). Notwithstanding IC 6-1.1-12.1, the city may grant the property tax deductions described in subsection (a) if, before July 1, 1998, both the property owner and the city complete all the procedures required by IC 6-1.1-12.1 that would have been necessary to grant the property tax deductions described in subsection (a).

(c) This subsection applies only to a city described in subsection (a)(1)(B). Notwithstanding IC 6-1.1-12.1, if a property owner has received a notice from the city offering to provide a property tax deduction, the county auditor shall make the appropriate



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deduction described in subsection (a) if, before July 1, 1998:

- (1) the property owner complies with all requirements of IC 6-1.1-12.1 that would have been necessary to grant the deduction described in subsection (a); and
- (2) the mayor of the city consents to the granting of the deduction.

(d) Property tax deductions granted under this SECTION apply to property taxes first due and payable after December 31, 1996.

(e) This SECTION expires July 2, 1998.

SECTION 63. [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: IC 6-1.1-10-16.5, as added by this act, applies to property taxes first due and payable after December 31, 1998.

SECTION 64. [EFFECTIVE JANUARY 1, 1999] IC 6-1.1-15-1, IC 6-1.1-15-4, IC 6-1.1-15-5, IC 6-1.1-15-9, IC 6-1.1-15-10, IC 6-1.1-15-11, and IC 6-1.1-17-1, all as amended by this act, and IC 6-1.1-15-10.5 and IC 6-1.1-17-2.5, both as added by this act, apply to property taxes first due and payable after December 31, 1998.

SECTION 65. [EFFECTIVE JULY 1, 1998] IC 6-1.1-10-29, as amended by this act, applies to property taxes first due and payable after December 31, 1998.

SECTION 66. [EFFECTIVE UPON PASSAGE] The department of commerce shall adopt the rules described in IC 6-1.1-43-5, as added by this act, before January 1, 1999.

SECTION 67. [EFFECTIVE JULY 1, 1998] (a) The reductions set forth in IC 6-1.1-12-19, as amended by this act, do not apply to deductions that were first claimed before July 1, 1998. These deductions remain at one hundred percent (100%) until they expire.

(b) Notwithstanding IC 6-1.1-12-19, as amended by this act, if a deduction is first claimed under IC 6-1.1-12-19, after June 30, 1998, and before July 1, 1999, the deduction is reduced as follows:

- (1) One hundred percent (100%) of the original deduction for the second year.
- (2) Sixty percent (60%) of the original deduction for the third year.
- (3) Forty percent (40%) of the original deduction for the fourth year.
- (4) Twenty percent (20%) of the original deduction for the fifth year.

In the sixth year, the county auditor shall add the amount of the original deduction to the assessed value of the real property.



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(c) Notwithstanding IC 6-1.1-12-19, as amended by this act, if a deduction is first claimed under IC 6-1.1-12-19, after June 30, 1999, and before July 1, 2000, the deduction is reduced as follows:

- (1) Eighty percent (80%) of the original deduction for the second year.
- (2) Sixty percent (60%) of the original deduction for the third year.
- (3) Forty percent (40%) of the original deduction for the fourth year.
- (4) Twenty percent (20%) of the original deduction for the fifth year.

In the sixth year, the county auditor shall add the amount of the original deduction to the assessed value of the real property.

SECTION 68. [EFFECTIVE JANUARY 1, 1999] IC 6-3.1-19, as added by this act, applies only to taxable years beginning after December 31, 1998.

SECTION 69. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to Senate Bill 382 as printed January 27, 1998.)

BAUER, Chair

Committee Vote: yeas 17, nays 4.

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## HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 382 be amended to read as follows:

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

"SECTION 1. IC 4-4-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) As used in this chapter, "director" means the lieutenant governor, who is also the director of the department of commerce.

(b) As used in this chapter, "eligible entity" means:

- (1) a city;
- (2) a town;
- (3) a county;
- (4) a special taxing district;
- (5) an economic development commission established under IC 36-7-12;
- (6) a nonprofit corporation;
- (7) a corporation established under IC 23-7-1.1 (before its repeal on August 1, 1991) or IC 23-17 for the purpose of distributing water for domestic and industrial use;
- (8) a regional water, sewage, or solid waste district;
- (9) a conservancy district that includes in its purpose the distribution of domestic water or the collection and treatment of waste; ~~or~~
- (10) the Indiana development finance authority established under IC 4-4-11; ~~or~~

**(11) the Indiana port commission established under IC 8-10-1.**

(c) As used in this chapter, "industrial development program" means any program designed to aid economic development in Indiana, and includes:

- (1) the construction of airports, airport facilities, and tourist attractions;
- (2) the construction, extension, or completion of:
  - (A) sanitary sewerlines, storm sewers, and other related drainage facilities;
  - (B) waterlines;
  - (C) roads and streets;
  - (D) sidewalks; and
  - (E) rail spurs and sidings;
- (3) the leasing, purchase, construction, repair, and rehabilitation of property, both real and personal; and
- (4) the preparation of surveys, plans, and specifications for the

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construction of publicly owned and operated facilities, utilities, and services."

Page 2, line 17, after "salesperson" insert ", appraiser,".

Page 15, line 27, strike "fifty percent (50%)" and insert "**eighty percent (80%)**".

Page 15, line 32, reset in italics "twenty".

Page 15, line 32, delete "sixty".

Page 15, line 32, reset in italics "\$20,000".

Page 15, line 33, delete "\$60,000".

Page 15, line 34, reset in italics "one hundred".

Page 15, line 34, delete "three hundred".

Page 15, line 35, reset in italics "\$100,000".

Page 15, line 35, delete "\$300,000".

Page 17, line 35, after "means" delete ":".

Page 50, delete lines 27 through 28, begin a new paragraph and insert:

**"(e) A refund to a prevailing taxpayer shall be paid by the county auditor. The county auditor shall charge the refund to the various taxing units to which an overpayment has been paid. The taxing units are then entitled to withdraw the property taxes held in reserve under this section with respect to the prevailing taxpayer."**

Page 37, line 29, delete "15" and insert "10".

Page 37, line 29, delete "August 1" and insert "**July 15**".

Page 39, line 17, after "deduction" insert ".".

Page 48, line 12, delete "from the best available means, including the party's" and insert ".".

Page 48, line 13, delete "recollection."

Page 48, delete lines 17 through 21.

Page 50, line 4, delete "tax" and insert "**taxing**".

Page 50, delete lines 30 through 37, begin a new line block left and insert:

**"determination, the taxing unit shall deposit the property taxes and interest held in reserve under this section into the taxing unit's levy excess fund."**

Replace the effective date in SECTION 39 with "[EFFECTIVE JANUARY 1, 1999]".

Page 59, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 47. IC 6-2.1-3-24.5, AS AMENDED BY P.L.18-1994, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 24.5. (a) For purposes of this section, "small business corporation" has the same definition that



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term has in Section 1361(b) of the Internal Revenue Code. However, a corporation is a small business corporation for the purposes of this section even if one (1) of its shareholders is a qualified trust that forms a part of an employee stock ownership plan under Section 401(a) of the Internal Revenue Code.

(b) Except as provided in subsection (c), gross income received by a small business corporation is exempt from gross income tax.

(c) A small business corporation is not exempt from gross income tax under this section for a taxable year if for that taxable year twenty-five percent (25%) or more of the small business corporation's gross income consisted of passive investment income (as defined in Section ~~1362(d)(3)(D)~~ **1362(d)(3)(C)** of the Internal Revenue Code).

(d) Upon request of the department, a corporation that claims an exemption under this section shall provide the department with proof, on forms provided by the department, that the corporation was a small business corporation during the taxable year for which the exemption is claimed.

SECTION 48. IC 6-2.1-6-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 3.1. (a) ~~Notwithstanding section 3 of this chapter, this section applies to taxable years beginning after December 31, 1993, and ending before January 1, 1998.~~

~~(b)~~ A withholding agent who is required to withhold gross income tax under ~~section 1-1 or 2-1~~ **section 1 or 2** of this chapter shall file a return and pay the amount of tax withheld to the department on April 20, June 20, September 20, and December 20 of each calendar year. The return shall reflect the amount withheld for each taxpayer from gross income paid to the taxpayer. The withholding agent is indemnified against the claims and demands of any individual or entity for the amount of any payment made in accordance with this section.

SECTION 49. 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



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level by any state of the United States or 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~~ **capital gain** portion of a lump sum distribution (as defined in Section ~~402(e)(4)(A)~~ **402(e)(4)(D)** of the Internal Revenue Code), if the lump sum distribution is received by the individual during the taxable year and if the ~~ordinary income~~ **capital gain** portion of the distribution is taxed in the manner provided in Section ~~402(e)~~ **402** 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).

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(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.

(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.

(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.



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SECTION 50. IC 6-3-1-11, AS AMENDED BY P.L.60-1997, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~1997~~, **1998**.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~1997~~, **1998**, that pertain to the provisions specifically mentioned shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~1997~~, **1998**, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~1997~~, **1998**, that is effective for any taxable year that began before January 1, ~~1997~~, **1998**, and that affects:

- (1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
- (2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);
- (3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);
- (4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);
- (5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or
- (6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under IC 6-3-1-3.5 and net income under IC 6-3-8-2(b).

SECTION 51. IC 6-3-2-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 8. (a) For purposes of this section, "qualified employee" means an individual who is employed by a taxpayer or by an employer exempt from adjusted gross income tax (IC 6-3-1 through IC 6-3-7) under IC 6-3-2-2.8(3), ~~(4)~~, **IC 6-3-2-2.8(4)**, or ~~(5)~~ **IC 6-3-2-2.8(5)** and who:

- (1) has the employee's principal place of residence in the



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- enterprise zone in which the employee is employed;
- (2) performs services for the taxpayer or employer, ninety percent (90%) of which are directly related to the conduct of the taxpayer's or employer's trade or business that is located in an enterprise zone; and
- (3) performs at least fifty percent (50%) of the employee's service for the taxpayer or employer during the taxable year in the enterprise zone.

**(b) For purposes of this section, "pass through entity" means a:**

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);**
- (2) partnership;**
- (3) trust;**
- (4) limited liability company; or**
- (5) limited liability partnership.**

**(c) For purposes of this section, "taxpayer" includes a pass through entity.**

~~(b)~~ **(d)** Except as provided in subsection ~~(c)~~; **(e)**, a qualified employee is entitled to deduction from his adjusted gross income in each taxable year in the amount of the lesser of:

- (1) one-half (1/2) of his adjusted gross income for the taxable year that he earns as a qualified employee; or
- (2) seven thousand five hundred dollars (\$7,500).

~~(c)~~ **(e)** No qualified employee is entitled to a deduction under this section for a taxable year that begins after the termination of the enterprise zone in which he resides.

SECTION 52. IC 6-3-3-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]:  
Sec. 10. (a) As used in this section:

"Base period wages" means wages paid or payable by a taxpayer to its employees during the year that ends on the last day of the month that immediately precedes the month in which an enterprise zone is established, to the extent that the wages would have been qualified wages if the enterprise zone had been in effect for that year. If the taxpayer did not engage in an active trade or business during that year in the area that is later designated as an enterprise zone, then the base period wages equal zero (0). If the taxpayer engaged in an active trade or business during only part of that year in an area that is later designated as an enterprise zone, then the department shall determine the amount of base period wages.

"Enterprise zone" means an enterprise zone created under IC 4-4-6.1.



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"Enterprise zone adjusted gross income" means adjusted gross income of a taxpayer that is derived from sources within an enterprise zone. Sources of adjusted gross income shall be determined with respect to an enterprise zone, to the extent possible, in the same manner that sources of adjusted gross income are determined with respect to the state of Indiana under IC 6-3-2-2.

"Enterprise zone gross income" means gross income of a taxpayer that is derived from sources within an enterprise zone.

"Enterprise zone insurance premiums" means insurance premiums derived from sources within an enterprise zone.

"Monthly base period wages" means base period wages divided by twelve (12).

**"Pass through entity" means:**

- (1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);**
- (2) a partnership;**
- (3) a trust;**
- (4) a limited liability company; or**
- (5) a limited liability partnership.**

"Qualified employee" means an individual who is employed by a taxpayer and who:

- (1) has his principal place of residence in the enterprise zone in which he is employed;
- (2) performs services for the taxpayer, ninety percent (90%) of which are directly related to the conduct of the taxpayer's trade or business that is located in an enterprise zone; and
- (3) performs at least fifty percent (50%) of his services for the taxpayer during the taxable year in the enterprise zone.

"Qualified increased employment expenditures" means the following:

- (1) For a taxpayer's taxable year other than his taxable year in which the enterprise zone is established, the amount by which qualified wages paid or payable by the taxpayer during the taxable year to qualified employees exceeds the taxpayer's base period wages.
- (2) For the taxpayer's taxable year in which the enterprise zone is established, the amount by which qualified wages paid or payable by the taxpayer during all of the full calendar months in the taxpayer's taxable year that succeed the date on which the enterprise zone was established exceed the taxpayer's monthly base period wages multiplied by that same number of full calendar months.



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"Qualified state tax liability" means a taxpayer's total income tax liability incurred under:

- (1) IC 6-2.1 (gross income tax) with respect to enterprise zone gross income;
- (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax) with respect to enterprise zone adjusted gross income;
- (3) IC 27-1-18-2 (insurance premiums tax) with respect to enterprise zone insurance premiums; and
- (4) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this section.

"Qualified wages" means the wages paid or payable to qualified employees during a taxable year.

**"Taxpayer" includes a pass through entity.**

(b) A taxpayer is entitled to a credit against the taxpayer's qualified state tax liability for a taxable year in the amount of the lesser of:

- (1) the product of ten percent (10%) multiplied by the qualified increased employment expenditures of the taxpayer for the taxable year; or
- (2) one thousand five hundred dollars (\$1,500) multiplied by the number of qualified employees employed by the taxpayer during the taxable year.

(c) The amount of the credit provided by this section that a taxpayer uses during a particular taxable year may not exceed the taxpayer's qualified state tax liability for the taxable year. If the credit provided by this section exceeds the amount of that tax liability for the taxable year it is first claimed, then the excess may be carried back to preceding taxable years or carried over to succeeding taxable years and used as a credit against the taxpayer's qualified state tax liability for those taxable years. Each time that the credit is carried back to a preceding taxable year or carried over to a succeeding taxable year, the amount of the carryover is reduced by the amount used as a credit for that taxable year. Except as provided in subsection (e), the credit provided by this section may be carried forward and applied in the ten (10) taxable years that succeed the taxable year in which the credit accrues. The credit provided by this section may be carried back and applied in the three (3) taxable years that precede the taxable year in which the credit accrues.

(d) A credit earned by a taxpayer in a particular taxable year shall be applied against the taxpayer's qualified state tax liability for that taxable year before any credit carryover or carryback is applied against

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that liability under subsection (c).

(e) Notwithstanding subsection (c), if a credit under this section results from wages paid in a particular enterprise zone, and if that enterprise zone terminates in a taxable year that succeeds the last taxable year in which a taxpayer is entitled to use the credit carryover that results from those wages under subsection (c), then the taxpayer may use the credit carryover for any taxable year up to and including the taxable year in which the enterprise zone terminates.

(f) A taxpayer is not entitled to a refund of any unused credit.

(g) A taxpayer that:

- (1) does not own, rent, or lease real property outside of an enterprise zone that is an integral part of its trade or business; and
- (2) is not owned or controlled directly or indirectly by a taxpayer that owns, rents, or leases real property outside of an enterprise zone;

is exempt from the allocation and apportionment provisions of this section.

**(h) If a pass through entity is entitled to a credit under subsection (b) but does not have state tax liability against which the tax credit may be applied, an individual who is a shareholder, partner, beneficiary, or member of the pass through entity is entitled to a tax credit equal to:**

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by**
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, beneficiary, or member is entitled.**

**The credit provided under this subsection is in addition to a tax credit to which a shareholder, partner, beneficiary, or member of a pass through entity is entitled. However, a pass through entity and an individual who is a shareholder, partner, beneficiary, or member of a pass through entity may not claim more than one (1) credit for the qualified expenditure.**

SECTION 53. IC 6-3-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 6. (a) Any taxpayer, upon request by the department, shall furnish to the department a true and correct copy of any tax return which he has filed with the United States Internal Revenue Service which copy shall be certified to by the taxpayer under penalties of perjury.

(b) Each taxpayer ~~except a resident individual~~; shall notify the department of any modification of:

- (1) a federal income tax ~~returned~~ **return** filed by the taxpayer



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after January 1, 1978; or

(2) the taxpayer's federal income tax liability for a taxable year which begins after December 31, 1977.

The taxpayer shall file the notice, on the form prescribed by the department, within one hundred twenty (120) days after the modification is made.

SECTION 54. IC 6-3.1-10-4, AS AMENDED BY P.L.57-1996, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 4. (a) As used in this chapter, "taxpayer" means **the following:**

(1) Any individual that has any state tax liability.

(b) Notwithstanding subsection (a); for a credit for a qualified investment in a business located in an enterprise zone in a county having a population of more than one hundred thousand (100,000) but less than one hundred seven thousand (107,000); "taxpayer" includes a pass through entity:

(2) A corporation that has any state tax liability.

(3) A pass through entity (as defined in IC 6-3-3-10)."

Page 61, between lines 1 and 2, begin a new paragraph and insert:

"Sec. 7. (a) The total amount of credits allowed under this chapter may not exceed one million dollars (\$1,000,000) in a state fiscal year.

(b) The department shall record the time of filing of each claim for allowance of a credit under section 6 of this chapter and shall approve the claims, if they otherwise qualify for a tax credit under this chapter, in the chronological order in which the claims are filed in the state fiscal year.

(c) When the total credits approved under this section equal the maximum amount allowable in a state fiscal year, no claim thereafter filed for that same fiscal year shall be approved. However, if a taxpayer for whom a credit has been approved fails to file the information required under section 6 of this chapter, an amount equal to the credit previously allowed or set aside for the taxpayer may be allowed to any subsequent taxpayer in the year. In addition, the department may, if the taxpayer so requests, approve a credit claim, in whole or in part, with respect to the next succeeding state fiscal year.

**Sec. 8. This chapter expires January 1, 2014.**

SECTION 56. IC 6-3.5-7-6, AS AMENDED BY P.L.99-1995, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: Sec. 6. (a) The body imposing the tax may decrease or increase the county economic development



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income tax rate imposed upon the county taxpayers as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this chapter. **The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter.** To decrease or increase the rate, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The \_\_\_\_\_ County \_\_\_\_\_ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from \_\_\_\_\_ percent (\_\_\_%) to \_\_\_\_\_ percent (\_\_\_%). This tax rate increase (decrease) takes effect July 1 of this year."

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 57. IC 6-5.5-1-2, AS AMENDED BY P.L.28-1997, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1997 (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.

(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.



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(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) or **Section 593** 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

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(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 58. IC 6-5.5-1-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]:  
 Sec. 17. (a) "Taxpayer" means a corporation that is transacting the business of a financial institution in Indiana, including any of the following:

- (1) A holding company.
- (2) A regulated financial corporation.
- (3) A subsidiary of a holding company or regulated financial corporation.
- (4) Any other corporation organized under the laws of the United States, this state, another taxing jurisdiction, or a foreign government that is carrying on the business of a financial institution.

(b) As used in this section, "holding company" means a corporation registered under the Bank Holding Company Act of 1956 (12 U.S.C. 1841 through 1849), as in effect on December 31, 1990, or registered as a savings and loan holding company other than a diversified savings and loan holding company (as defined in Section 10(a)(F) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1467a(1)(F)), as in effect on December 31, 1990).

(c) As used in this section, "regulated financial corporation" means:

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- (1) an institution, the deposits, shares, or accounts of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 through 1833e), as in effect on December 31, 1990;
- (2) an institution that is a member of a Federal Home Loan Bank;
- (3) any other bank or thrift institution incorporated or organized under the laws of a state that is engaged in the business of receiving deposits;
- (4) a credit union incorporated and organized under the laws of this state;
- (5) a production credit association organized under 12 U.S.C. 2071, as in effect on December 31, 1990;
- (6) a corporation organized under 12 U.S.C. 611 through 631 (an Edge Act corporation), as in effect on December 31, 1990;
- (7) a federal or state agency or branch of a foreign bank (as defined in 12 U.S.C. 3101, as in effect on December 31, 1990); or
- (8) a trust company formed under ~~IC 28-1-4~~ **IC 28-12**.

(d) For purposes of this section and when used in this article, "business of a financial institution" means the following:

(1) For a holding company, a regulated financial corporation, or a subsidiary of either, the activities that each is authorized to perform under federal or state law, including the activities authorized by regulation or order of the Federal Reserve Board for such a subsidiary under Section 4(c)(8) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(8)), as in effect on December 31, 1990.

(2) For any other corporation described in subsection (a)(4), all of the corporation's business activities if eighty percent (80%) or more of the corporation's gross income, excluding extraordinary income, is derived from one (1) or more of the following activities:

(A) Making, acquiring, selling, or servicing loans or extensions of credit. For the purpose of this subdivision, loans and extensions of credit include:

- (i) secured or unsecured consumer loans;
- (ii) installment obligations;
- (iii) mortgage or other secured loans on real estate or tangible personal property;
- (iv) credit card loans;
- (v) secured and unsecured commercial loans of any type;
- (vi) letters of credit and acceptance of drafts;
- (vii) loans arising in factoring; and
- (viii) any other transactions with a comparable economic



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effect.

(B) Leasing or acting as an agent, broker, or advisor in connection with leasing real and personal property that is the economic equivalent of the extension of credit if the transaction is not treated as a lease for federal income tax purposes.

(C) Operating a credit card, debit card, charge card, or similar business.

As used in this subdivision, "gross income" includes income from interest, fees, penalties, a market discount or other type of discount, rental income, the gain on a sale of intangible or other property evidencing a loan or extension of credit, and dividends or other income received as a means of furthering the activities set out in this subdivision."

Page 61, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 60. IC 6-8.1-1-1, AS AMENDED BY P.L.61-1996, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the gross income tax (IC 6-2.1); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the auto rental excise tax (IC 6-6-9); the bank tax (IC 6-5-10); the savings and loan association tax (IC 6-5-11); the production credit association tax (IC 6-5-12); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); **the hard cider excise tax (IC 7.1-4-4.5)**; the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various county food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23);

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the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 61. IC 6-8.1-6-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]: **Sec. 4.5. A taxpayer that is required under IC 6-3-4-1 to file a return may round to the nearest whole dollar an amount or item reported on the return. The following apply if an amount or item is rounded:**

- (1) **An amount or item of at least fifty cents (\$0.50) must be rounded up to the nearest whole dollar.**
- (2) **An amount or item of less than fifty cents (\$0.50) must be rounded down to the nearest whole dollar.**

SECTION 62. IC 6-8.1-7-1, AS AMENDED BY P.L.67-1996, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. (a) This subsection does not apply to the disclosure of information concerning a conviction on a tax evasion charge. Unless in accordance with a judicial order or as otherwise provided in this chapter, the department, its employees, former employees, counsel, agents, or any other person may not divulge the amount of tax paid by any taxpayer, terms of a settlement agreement executed between a taxpayer and the department, investigation records, investigation reports, or any other information disclosed by the reports filed under the provisions of the law relating to any of the listed taxes, including required information derived from a federal return, except to:

- (1) members and employees of the department;
- (2) the governor;
- (3) the attorney general or any other legal representative of the state in any action in respect to the amount of tax due under the provisions of the law relating to any of the listed taxes; or
- (4) any authorized officers of the United States;

when it is agreed that the information is to be confidential and to be used solely for official purposes.

(b) The information described in subsection (a) may be revealed upon the receipt of a certified request of any designated officer of the state tax department of any other state, district, territory, or possession of the United States when:

- (1) the state, district, territory, or possession permits the exchange of like information with the taxing officials of the state; and
- (2) it is agreed that the information is to be confidential and to be used solely for tax collection purposes.

(c) The information described in subsection (a) relating to a person on public welfare or a person who has made application for public

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welfare may be revealed to the director of the division of family and children, and to any county director of family and children located in Indiana, upon receipt of a written request from either director for the information. The information shall be treated as confidential by the directors. In addition, the information described in subsection (a) relating to a person who has been designated as an absent parent by the state Title IV-D agency shall be made available to the state Title IV-D agency upon request. The information shall be subject to the information safeguarding provisions of the state and federal Title IV-D programs.

(d) The name, address, Social Security number, and place of employment relating to any individual who is delinquent in paying educational loans owed to an institution of higher education may be revealed to that institution if it provides proof to the department that the individual is delinquent in paying for educational loans. This information shall be provided free of charge to approved institutions of higher learning (as defined by IC 20-12-21-3(2)). The department shall establish fees that all other institutions must pay to the department to obtain information under this subsection. However, these fees may not exceed the department's administrative costs in providing the information to the institution.

(e) The information described in subsection (a) relating to reports submitted under IC 6-6-1.1-502 concerning the number of gallons of gasoline sold by a distributor, and IC 6-6-2.5 concerning the number of gallons of special fuel sold by a supplier and the number of gallons of special fuel exported by a licensed exporter or imported by a licensed transporter may be released by the commissioner upon receipt of a written request for the information.

(f) The information described in subsection (a) may be revealed upon the receipt of a written request from the administrative head of a state agency of Indiana when:

- (1) the state agency shows an official need for the information; and
- (2) the administrative head of the state agency agrees that any information released will be kept confidential and will be used solely for official purposes.

(g) The name and address of retail merchants, including township, as specified in IC 6-2.5-8-1(h) may be released solely for tax collection purposes to township assessors.

(h) The department shall notify the appropriate innkeepers' tax board, bureau, or commission that a taxpayer is delinquent in remitting innkeepers' taxes under IC 6-9.

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(i) All information relating to the delinquency or evasion of the motor vehicle excise tax shall be disclosed to the bureau of motor vehicles in Indiana and may be disclosed to another state, if the information is disclosed for the purpose of the enforcement and collection of the taxes imposed by IC 6-6-5.

(j) This section does not apply to:

- (1) the beer excise tax (IC 7.1-4-2);
- (2) the liquor excise tax (IC 7.1-4-3);
- (3) the wine excise tax (IC 7.1-4-4);
- (4) **the hard cider excise tax (IC 7.1-4-4.5);**
- (5) the malt excise tax (IC 7.1-4-5);
- ~~(5)~~ (6) the motor vehicle excise tax (IC 6-6-5); and
- ~~(6)~~ (7) the fees under IC 13-23.

SECTION 63. IC 6-8.1-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 1. (a) If a person has paid more tax than the person determines is legally due for a particular taxable period, the person may file a claim for a refund with the department. **Except as provided in subsections (f) and (g),** in order to obtain the refund, the person must file the claim with the department within three (3) years after the latter of the following:

- (1) The due date of the return.
- (2) The date of payment.

For purposes of this section, the due date for a return filed for the state gross retail or use tax, the gasoline tax, the special fuel tax, the motor carrier fuel tax, the oil inspection fee, or the petroleum severance tax is the end of the calendar year which contains the taxable period for which the return is filed. The claim must set forth the amount of the refund to which the person is entitled and the reasons that the person is entitled to the refund.

(b) When the department receives a claim for refund, the department shall consider the claim for refund and may hold a hearing on the claim for refund to obtain and consider additional evidence. After considering the claim and all evidence relevant to the claim, the department shall issue a decision on the claim, stating the part, if any, of the refund allowed and containing a statement of the reasons for any part of the refund that is denied. The department shall mail a copy of the decision to the person who filed the claim. If the department allows the full amount of the refund claim, a warrant for the payment of the claim is sufficient notice of the decision.

(c) If the person disagrees with any part of the department's decision, he may appeal the decision, regardless of whether or not he protested the tax payment or whether or not the person has accepted a



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refund. The person must file the appeal with the tax court. The tax court does not have jurisdiction to hear a refund appeal suit, if:

- (1) the appeal is filed more than three (3) years after the date the claim for refund was filed with the department;
- (2) the appeal is filed more than ninety (90) days after the date the department mails the decision of denial to the person; or
- (3) the appeal is filed both before the decision is issued and before the one hundred eighty-first day after the date the person files the claim for refund with the department.

(d) The tax court shall hear the appeal de novo and without a jury, and after the hearing may order or deny any part of the appealed refund. The court may assess the court costs in any manner that it feels is equitable. The court may enjoin the collection of any of the listed taxes under IC 33-3-5-11. The court may also allow a refund of taxes, interest, and penalties that have been paid to and collected by the department.

(e) With respect to the motor vehicle excise tax, this section applies only to penalties and interest paid on assessments of the motor vehicle excise tax. Any other overpayment of the motor vehicle excise tax is subject to IC 6-6-5.

**(f) If a taxpayer's federal income tax liability for a taxable year is modified by the Internal Revenue Service, and the modification would result in a reduction of the tax legally due, the due date by which the taxpayer must file a claim for refund with the department is the later of:**

- (1) the date determined under subsection (a); or**
- (2) the date that is six (6) months after the date on which the taxpayer is notified of the modification by the Internal Revenue Service.**

**(g) If an agreement to extend the assessment time period is entered into under IC 6-8.1-5-2(e), the period during which a person may file a claim for a refund under subsection (a) is extended to the same date to which the assessment time period is extended.**

SECTION 64. IC 6-9-29-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 1.5. (a) Unless otherwise provided in this article, a county fiscal body that adopts an ordinance to impose, rescind, or increase or decrease the rate of a county innkeeper's tax must specify the effective date of the ordinance to provide that the ordinance takes effect:**

- (1) at least thirty (30) days after the adoption of the**



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ordinance; and

(2) on the first day of a month.

(b) If a county fiscal body adopts an ordinance described in subsection (a), it must immediately send a certified copy of the ordinance to the commissioner of the department of state revenue.

SECTION 65. IC 7.1-1-3-9.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 9.5. The term "hard cider" means an alcoholic beverage that:**

(1) is made from the normal alcoholic fermentation of the juice of sound, ripe apples; and

(2) contains at least one-half of one percent (0.5%) of alcohol by volume and not more than seven percent (7%) of alcohol by volume.

**The term includes flavored, sparkling, or carbonated cider and cider made from condensed apple.**

SECTION 66. IC 7.1-1-3-49 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 49. Wine.** The term "wine" means an alcoholic beverage obtained by the fermentation of the natural sugar content of fruit, fruit juice, or other agricultural products containing sugar, including necessary additions to correct defects due to climatic, saccharine, and seasonal conditions, and also the alcoholic fortification of the beverage. **The term includes hard cider, except for alcoholic beverage tax purposes.** The term does not mean an alcoholic beverage that contains twenty-one percent (21%), or more, of absolute alcohol reckoned by volume.

SECTION 67. IC 7.1-4-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 1.** An excise tax at the rate of forty-seven cents (\$0.47) a gallon is imposed upon the manufacture and sale or gift, or withdrawal for sale or gift, of wine, **except hard cider**, within this state.

SECTION 68. IC 7.1-4-4.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]:

**Chapter 4.5. Hard Cider Excise Tax**

**Sec. 1.** An excise tax at the rate of eleven and one-half cents (\$0.115) a gallon is imposed upon the manufacture and sale or gift, or withdrawal for sale or gift, of hard cider within Indiana.

**Sec. 2.** The hard cider excise tax applies only to hard cider. An alcoholic beverage that is subject to the hard cider excise tax is not subject to the liquor excise tax or the wine excise tax.

**Sec. 3.** The hard cider excise tax shall be paid by the holder of



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a vintner's permit, a small winery permit, a wine wholesaler's permit, a dining car wine permit, or a boat wine permit on the hard cider to which the tax is applicable and that is manufactured or imported by the person into this state. However, an item may only be taxed once for hard cider excise tax purposes.

Sec. 4. The commission and the department may adopt rules and maintain gauges in a winery, small winery, or a wholesaler's premises for the proper gauging of the alcoholic beverages to which the hard cider excise tax is applicable and the assessment of that tax.

Sec. 5. (a) All sales of hard cider made by a primary source of supply to a wine wholesaler must at the time of the sale be accompanied by an invoice that shows the following:

- (1) The name and address of seller and purchaser.
- (2) The date of disposition.
- (3) The name or names of each brand sold.
- (4) The number of packages, if any.
- (5) The number of cases by size of bottle.
- (6) The quantity of each kind of alcoholic beverage sold.

(b) The primary source of supply shall send a copy of the invoice to the department of revenue and the commission at the time of the sale.

SECTION 69. IC 7.1-4-7-5, AS AMENDED BY P.L.72-1996, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 5. The department shall deposit:

- (1) four cents (\$0.04) of the beer excise tax rate collected on each gallon of beer or flavored malt beverage;
- (2) one dollar (\$1) of the liquor excise tax rate collected on each gallon of liquor;
- (3) twenty cents (\$0.20) of the wine excise tax rate collected on each gallon of wine; ~~and~~
- (4) the entire amount of malt excise tax collected; **and**
- (5) **the entire amount of hard cider excise tax collected;**

daily with the treasurer of state and not later than the fifth day of the following month shall cover them into the general fund of the state for distribution as provided in this chapter."

Page 68, line 1, delete "; or" and insert "**that is vacant or to be vacated as a result of the relocation of a single employer to a location outside of Indiana; and**".

Page 68, line 28, delete "department of state".

Page 68, delete line 29, begin a new line block left and insert: "**budget committee for review and recommendation to the budget**



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agency. The advisory commission shall include with the resolution a complete list of employers in the district and street names and the range of street numbers of each street in the district. The advisory commission shall update the list before July 1 of each year.

(b) The budget committee shall meet not later than sixty (60) days after receipt of a resolution under subsection (a) and shall make a recommendation on the resolution to the budget agency.

(c) The budget agency must approve the resolution before money may be distributed under section 15(b) of this chapter to the industrial development fund of the unit containing the district.

(d) A tax credit may not be granted under IC 6-3.1-19 until the budget agency approves the resolution.

(e) If the budget agency approves the resolution, the budget agency shall give notice of the approval to the department of state revenue."

Page 68, line 30, delete "(b)" and insert "(f)".

Page 68, line 30, delete "a copy of the"

Page 68, line 31, delete "resolution designating a district," and insert **"the notice of the budget agency's approval of a resolution under this section,"**.

Page 69, line 3, delete "an incremental tax financing" and insert **"a community revitalization"**.

Page 69, delete lines 7 through 35, begin a new paragraph and insert:

**"(b) The income tax incremental amount and the gross retail incremental amount collected from the district shall be deposited in the community revitalization fund established for the county under subsection (a). On or before the twentieth day of each month, all amounts held in the community revitalization fund for the county shall be distributed to the county's industrial development fund. The department of revenue shall notify the fiscal body of the unit establishing the district of the amount of taxes to be distributed to the unit's industrial development fund. The total amount of state revenue captured by a district may not exceed one million dollars (\$1,000,000) per year for twenty (20) consecutive years."**

Page 71, between lines 3 and 4, begin a new paragraph and insert:

**"SECTION 86. IC 6-2.1-6-3 IS REPEALED [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)].**

**SECTION 87. [EFFECTIVE JANUARY 1, 1997 (RETROACTIVE)] (a) IC 6-5.5-1-2, as amended by this act, applies to taxable years beginning after December 31, 1996.**



**(b) SECTIONS of this act that become effective January 1, 1998, apply to taxable years beginning after December 31, 1997."**

Page 71, line 8, after "(RETROACTIVE)]" delete ":",

Page 72, line 3, after "(RETROACTIVE)]" delete ":",

Re-number all SECTIONS consecutively.

(Reference is to Engrossed Senate Bill 382 as printed February 16, 1998.)

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