

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WITHDRAWN	Noes _____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

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1396 be amended to read as follows:

- 1 Page 26, after line 42, begin a new paragraph and insert:
- 2 "SECTION 28. IC 6-1.1-18.5-2 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. (a) **As used in this**
- 4 **section, "price deflator" refers to the gross domestic product**
- 5 **implicit price deflator prepared by the United States Department**
- 6 **of Commerce.** For purposes of determining a civil taxing unit's
- 7 maximum permissible ad valorem property tax levy for an ensuing
- 8 calendar year, the civil taxing unit shall use the assessed value growth
- 9 quotient determined in the last STEP of the following STEPS:
- 10 STEP ONE: Determine the three (3) calendar years that most
- 11 immediately precede the ensuing calendar year and in which a
- 12 statewide general reassessment of real property does not first
- 13 become effective.
- 14 STEP TWO: Compute separately, for each of the calendar years
- 15 determined in STEP ONE, the quotient (rounded to the nearest
- 16 ten-thousandth) of the civil taxing unit's total assessed value of all
- 17 taxable property in the particular calendar year, divided by the
- 18 civil taxing unit's total assessed value of all taxable property in the
- 19 calendar year immediately preceding the particular calendar year.
- 20 STEP THREE: Divide the sum of the three (3) quotients
- 21 computed in STEP TWO by three (3).
- 22 STEP FOUR: Determine the greater of **the following:**
- 23 (A) The result computed in STEP THREE. ~~or one and~~
- 24 ~~five-hundredths (1.05).~~

1 **(B) The following:**

2 **(i) Determine the change in the price deflator for the**
 3 **state fiscal year that most immediately precedes the**
 4 **ensuing calendar year.**

5 **(ii) Determine the sum of one (1) plus the result**
 6 **determined under item (i).**

7 **(iii) Determine the lesser of the result determined under**
 8 **item (ii) or one and four-hundredths (1.04).**

9 STEP FIVE: Determine the lesser of the result computed in STEP
 10 FOUR or one and one-tenth (1.1).

11 (b) If the assessed values of taxable property used in determining a
 12 civil taxing unit's property taxes that are first due and payable in a
 13 particular calendar year are significantly increased over the assessed
 14 values used for the immediately preceding calendar year's property
 15 taxes due to the settlement of litigation concerning the general
 16 reassessment of that civil taxing unit's real property, then for purposes
 17 of determining that civil taxing unit's assessed value growth quotient
 18 for an ensuing calendar year, the state board of tax commissioners shall
 19 replace the **assessed value growth** quotient described in STEP TWO
 20 of subsection (a) for that particular calendar year. The state board of tax
 21 commissioners shall replace that quotient with one that as accurately
 22 as possible will reflect the actual growth in the civil taxing unit's
 23 assessed values of real property from the immediately preceding
 24 calendar year to that particular calendar year.

25 (c) **Not later than July 1 each year, the state board of tax**
 26 **commissioners shall provide each civil taxing unit and county**
 27 **auditor with an estimate of the assessed value growth quotient**
 28 **determined under subsection (a) that applies to the ensuing**
 29 **calendar year. Each civil taxing unit and county board of tax**
 30 **adjustment shall use the estimated assessed value growth quotient**
 31 **determined under subsection (a) by the state board of tax**
 32 **commissioners in preparing, adopting, and reviewing budgets, tax**
 33 **rates, and tax levies. Not later than October 1 each year, the state**
 34 **board of tax commissioners shall provide each civil taxing unit**
 35 **with a revised assessed value growth quotient using the latest**
 36 **published data concerning the price deflator available to the state**
 37 **board of tax commissioners. The state board of tax commissioners**
 38 **shall use the revised assessed value growth quotient in certifying**
 39 **budgets, tax rates, and tax levies under IC 6-1.1-17-16.**

40 SECTION 29. IC 6-1.1-20.9-2, AS AMENDED BY P.L.57-1997,
 41 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 42 JANUARY 1, 1998 (RETROACTIVE)]: Sec. 2. (a) Except as
 43 otherwise provided in section 5 of this chapter, an individual who on
 44 March 1 of a particular year either owns or is buying a homestead
 45 under a contract that provides the individual is to pay the property taxes
 46 on the homestead is entitled each calendar year to a credit against the

1 property taxes which the individual pays on the individual's homestead.
 2 However, only one (1) individual may receive a credit under this
 3 chapter for a particular homestead in a particular year.

4 (b) The amount of the credit to which the individual is entitled
 5 equals the product of:

- 6 (1) the percentage prescribed in subsection (d); multiplied by
- 7 (2) the amount of the individual's property tax liability, as that
- 8 term is defined in IC 6-1.1-21-5, which is attributable to the
- 9 homestead during the particular calendar year.

10 (c) For purposes of determining that part of an individual's property
 11 tax liability that is attributable to the individual's homestead, all
 12 deductions from assessed valuation which the individual claims under
 13 IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's
 14 homestead is located must be applied first against the assessed value
 15 of the individual's homestead before those deductions are applied
 16 against any other property.

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

19 YEAR	PERCENTAGE 20 OF THE CREDIT
21 1996	8%
22 1997	6%
23 1998 through 2001	10% 15%
24 2002 and thereafter	4%

25 However, the property tax replacement fund board established under
 26 IC 6-1.1-21-10, in its sole discretion, may increase the percentage of
 27 the credit provided in the schedule for any year, if the board feels that
 28 the property tax replacement fund contains enough money for the
 29 resulting increased distribution. If the board increases the percentage
 30 of the credit provided in the schedule for any year, the percentage of
 31 the credit for the immediately following year is the percentage provided
 32 in the schedule for that particular year, unless as provided in this
 33 subsection the board in its discretion increases the percentage of the
 34 credit provided in the schedule for that particular year. However, the
 35 percentage credit allowed in a particular county for a particular year
 36 shall be increased if on January 1 of a year an ordinance adopted by a
 37 county income tax council was in effect in the county which increased
 38 the homestead credit. The amount of the increase equals the amount
 39 designated in the ordinance.

40 (e) Before October 1 of each year, the assessor shall furnish to the
 41 county auditor the amount of the assessed valuation of each homestead
 42 for which a homestead credit has been properly filed under this chapter.

43 (f) The county auditor shall apply the credit equally to each
 44 installment of taxes that the individual pays for the property.

45 (g) Notwithstanding the provisions of this chapter, a taxpayer other
 46 than an individual is entitled to the credit provided by this chapter if:

- 1 (1) an individual uses the residence as the individual's principal
 2 place of residence;
 3 (2) the residence is located in Indiana;
 4 (3) the individual has a beneficial interest in the taxpayer;
 5 (4) the taxpayer either owns the residence or is buying it under
 6 a contract, recorded in the county recorder's office, that provides
 7 that the individual is to pay the property taxes on the residence;
 8 and
 9 (5) the residence consists of a single-family dwelling and the real
 10 estate, not exceeding one (1) acre, that immediately surrounds
 11 that dwelling."

12 Page 39, between lines 25 and 26, begin a new paragraph and
 13 insert:

14 "SECTION 48. [EFFECTIVE JULY 1, 1998] **(a) Except as**
 15 **provided in subsection (b) and notwithstanding any other law, a**
 16 **civil taxing unit may not impose a property tax rate for property**
 17 **taxes first due and payable in 1999 and for property taxes first due**
 18 **and payable in 2000 that is greater than the property tax rate**
 19 **imposed by the civil taxing unit for property taxes first due and**
 20 **payable in 1998.**

21 **(b) The property tax rate limit established in subsection (a)**
 22 **does not apply to a property tax rate imposed by a civil taxing unit:**

- 23 **(1) for the civil taxing unit's debt service fund; or**
 24 **(2) for payment of any other bond or lease obligations.**

25 **(c) This SECTION expires January 1, 2001.**

26 SECTION 49. [EFFECTIVE JANUARY 1, 1998
 27 (RETROACTIVE)]: **IC 6-1.1-20.9-2, as amended by this act, applies**
 28 **to property taxes first due and payable after December 31, 1997."**

29 Renumber all SECTIONS consecutively.

(Reference is to HB 1396 as printed January 29, 1998.)

Representative Espich