

January 22, 1998

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## HOUSE BILL No. 1157

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DIGEST OF HB 1157 (Updated January 20, 1998 2:00 pm - DI 94)

**Citations Affected:** IC 6-3.5.

**Synopsis:** Allows Jackson County to impose a county adjusted gross income tax at a rate of 1.1% for four years. Provides that the county adjusted gross income tax revenue in Jackson County that is derived from a tax rate of 0.1% may be used only to pay the costs of operating and maintaining a jail and juvenile detention center.

**Effective:** Upon passage; March 1, 2001.

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**Bailey, Lytle**

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January 8, 1998, read first time and referred to Committee on Local Government.  
January 21, 1998, amended, reported — Do Pass.

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HB 1157—LS 7108/DI 73



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January 22, 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.

## HOUSE BILL No. 1157

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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 6-3.5-1.1-2, AS AMENDED BY P.L.42-1994,  
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 1998]: Sec. 2. (a) The county council of any county in which  
4 the county option income tax will not be in effect on July 1 of a year  
5 under an ordinance adopted during a previous calendar year may  
6 impose the county adjusted gross income tax on the adjusted gross  
7 income of county taxpayers of its county effective July 1 of that year.  
8 (b) **Except as provided in section 2.5 of this chapter**, the county  
9 adjusted gross income tax may be imposed at a rate of one-half of one  
10 percent (0.5%), three-fourths of one percent (0.75%), or one percent  
11 (1%) on the adjusted gross income of resident county taxpayers of the  
12 county. Any county imposing the county adjusted gross income tax  
13 must impose the tax on the nonresident county taxpayers at a rate of  
14 one-fourth of one percent (0.25%) on their adjusted gross income. If  
15 the county council elects to decrease the county adjusted gross income  
16 tax, the county council may decrease the county adjusted gross income  
17 tax rate in increments of one-tenth of one percent (0.1%).

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1 (c) To impose the county adjusted gross income tax, the county  
2 council must, after January 1 but before April 1 of a year, adopt an  
3 ordinance. The ordinance must substantially state the following:

4 "The \_\_\_\_\_ County Council imposes the county adjusted  
5 gross income tax on the county taxpayers of \_\_\_\_\_ County.  
6 The county adjusted gross income tax is imposed at a rate of  
7 \_\_\_\_\_ percent (\_\_\_\_%) on the resident county taxpayers of the  
8 county and one-fourth of one percent (0.25%) on the nonresident  
9 county taxpayers of the county. This tax takes effect July 1 of this  
10 year."

11 (d) Any ordinance adopted under this section takes effect July 1 of  
12 the year the ordinance is adopted.

13 (e) The auditor of a county shall record all votes taken on  
14 ordinances presented for a vote under the authority of this section and  
15 immediately send a certified copy of the results to the department by  
16 certified mail.

17 (f) If the county adjusted gross income tax had previously been  
18 adopted by a county under IC 6-3.5-1 (before its repeal on March 15,  
19 1983) and that tax was in effect at the time of the enactment of this  
20 chapter, then the county adjusted gross income tax continues in that  
21 county at the rates in effect at the time of enactment until the rates are  
22 modified or the tax is rescinded in the manner prescribed by this  
23 chapter. If a county's adjusted gross income tax is continued under this  
24 subsection, then the tax shall be treated as if it had been imposed under  
25 this chapter and is subject to rescission or reduction as authorized in  
26 this chapter.

27 SECTION 2. IC 6-3.5-1.1-2.5 IS ADDED TO THE INDIANA  
28 CODE AS A NEW SECTION TO READ AS FOLLOWS  
29 [EFFECTIVE JULY 1, 1998]: **Sec. 2.5. (a) This section applies only  
30 to a county having a population of more than thirty-seven thousand  
31 (37,000) but less than thirty-seven thousand eight hundred  
32 (37,800).**

33 **(b) The county council of a county described in subsection (a)  
34 may, by ordinance, determine that additional county adjusted  
35 gross income tax revenue is needed in the county to fund the  
36 operation and maintenance of a jail and juvenile detention center  
37 opened after July 1, 1998.**

38 **(c) Notwithstanding section 2 of this chapter, if the county  
39 council adopts an ordinance under subsection (b), the county  
40 council may impose the county adjusted gross income tax at a rate  
41 of one and one-tenth percent (1.1%) on adjusted gross income.  
42 However, a county may impose the county adjusted gross income**



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1 tax at a rate of one and one-tenth percent (1.1%) for only four (4)  
 2 years. After the county has imposed the county adjusted gross  
 3 income tax at a rate of one and one-tenth percent (1.1%) for four  
 4 (4) years, the rate is reduced to one percent (1%).

5 (d) If a county imposes the county adjusted gross income tax at  
 6 a rate of one and one-tenth percent (1.1%) under this section, the  
 7 revenue derived from a tax rate of one-tenth percent (0.1%) on  
 8 adjusted gross income:

9 (1) shall be paid to the county treasurer;

10 (2) may be used only to pay the costs of operating a jail and  
 11 juvenile detention center opened after July 1, 1998; and

12 (3) may not be considered by the state board of tax  
 13 commissioners in determining the county's maximum  
 14 permissible property tax levy limit under IC 6-1.1-18.5.

15 SECTION 3. IC 6-3.5-1.1-10 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 10. (a) One-half (1/2)  
 17 of each adopting county's certified distribution for a calendar year shall  
 18 be distributed from its account established under section 8 of this  
 19 chapter to the appropriate county treasurer on May 1 and the other  
 20 one-half (1/2) on November 1 of that calendar year.

21 (b) **Except for revenue that must be used to pay the costs of**  
 22 **operating a jail and juvenile detention center under section 2.5(d)**  
 23 **of this chapter**, distributions made to a county treasurer under  
 24 subsection (a) shall be treated as though they were property taxes that  
 25 were due and payable during that same calendar year. The certified  
 26 distribution shall be distributed and used by the taxing units and school  
 27 corporations as provided in sections 11 through 15 of this chapter.

28 (c) All distributions from an account established under section 8 of  
 29 this chapter shall be made by warrants issued by the auditor of the state  
 30 to the treasurer of the state ordering the appropriate payments.

31 SECTION 4. IC 6-3.5-1.1-11 IS AMENDED TO READ AS  
 32 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 11. (a) **Except for**  
 33 **revenue that must be used to pay the costs of operating a jail and**  
 34 **juvenile detention center under section 2.5(d) of this chapter**, the  
 35 certified distribution received by a county treasurer shall, in the manner  
 36 prescribed in this section, be allocated, distributed, and used by the  
 37 civil taxing units and school corporations of the county as certified  
 38 shares and property tax replacement credits.

39 (b) Before August 2 of each calendar year, each county auditor shall  
 40 determine the part of the certified distribution for the next succeeding  
 41 calendar year that will be allocated as property tax replacement credits  
 42 and the part that will be allocated as certified shares. The percentage

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1 of a certified distribution that will be allocated as property tax  
 2 replacement credits or as certified shares depends upon the county  
 3 adjusted gross income tax rate for resident county taxpayers in effect  
 4 on August 1 of the calendar year that precedes the year in which the  
 5 certified distribution will be received. The percentages are set forth in  
 6 the following table:

7	COUNTY	PROPERTY TAX	
8	ADJUSTED GROSS	REPLACEMENT	CERTIFIED
9	INCOME TAX RATE	CREDITS	SHARES
10	0.5%	50%	50%
11	0.75%	33 1/3%	66 2/3%
12	1%	25%	75%

13  
 14 (c) The part of a certified distribution that constitutes property tax  
 15 replacement credits shall be distributed as provided under sections 12,  
 16 13, and 14 of this chapter.

17 (d) The part of a certified distribution that constitutes certified  
 18 shares shall be distributed as provided by section 15 of this chapter.

19 SECTION 5. IC 6-3.5-7-5, AS AMENDED BY P.L.99-1995,  
 20 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 JULY 1, 1998]: Sec. 5. (a) Except as provided in subsection (c), the  
 22 county economic development income tax may be imposed on the  
 23 adjusted gross income of county taxpayers. The entity that may impose  
 24 the tax is:

- 25 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
- 26 the county option income tax is in effect on January 1 of the year
- 27 the county economic development income tax is imposed;
- 28 (2) the county council if the county adjusted gross income tax is
- 29 in effect on January 1 of the year the county economic
- 30 development tax is imposed; or
- 31 (3) the county income tax council or the county council,
- 32 whichever acts first, for a county not covered by subdivision (1)
- 33 or (2).

34 To impose the county economic development income tax, a county  
 35 income tax council shall use the procedures set forth in IC 6-3.5-6  
 36 concerning the imposition of the county option income tax.

37 (b) Except as provided in subsections (c) and (g), the county  
 38 economic development income tax may be imposed at a rate of:

- 39 (1) one-tenth percent (0.1%);
- 40 (2) two-tenths percent (0.2%);
- 41 (3) twenty-five hundredths percent (0.25%);
- 42 (4) three-tenths percent (0.3%);



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- 1 (5) thirty-five hundredths percent (0.35%);  
 2 (6) four-tenths percent (0.4%);  
 3 (7) forty-five hundredths percent (0.45%); or  
 4 (8) five-tenths percent (0.5%);

5 on the adjusted gross income of county taxpayers.

6 (c) **Except as provided in subsection (h)**, the county economic  
 7 development income tax rate plus the county adjusted gross income tax  
 8 rate, if any, that are in effect on January 1 of a year may not exceed one  
 9 and twenty-five hundredths percent (1.25%). Except as provided in  
 10 subsection (g), the county economic development tax rate plus the  
 11 county option income tax rate, if any, that are in effect on January 1 of  
 12 a year may not exceed one percent (1%).

13 (d) To impose the county economic development income tax, the  
 14 appropriate body must, after January 1 but before April 1 of a year,  
 15 adopt an ordinance. The ordinance must substantially state the  
 16 following:

17 "The \_\_\_\_\_ County \_\_\_\_\_ imposes the county economic  
 18 development income tax on the county taxpayers of \_\_\_\_\_  
 19 County. The county economic development income tax is imposed at  
 20 a rate of \_\_\_\_\_ percent (\_\_\_\_%) on the county taxpayers of the  
 21 county. This tax takes effect July 1 of this year."

22 (e) Any ordinance adopted under this section takes effect July 1 of  
 23 the year the ordinance is adopted.

24 (f) The auditor of a county shall record all votes taken on  
 25 ordinances presented for a vote under the authority of this section and  
 26 immediately send a certified copy of the results to the department by  
 27 certified mail.

28 (g) This subsection applies to a county having a population of  
 29 more than one hundred twenty-nine thousand (129,000) but less than  
 30 one hundred thirty thousand six hundred (130,600). In addition to the  
 31 rates permitted by subsection (b), the:

32 (1) county economic development income tax may be imposed  
 33 at a rate of:

34 (A) fifteen-hundredths percent (0.15%);

35 (B) two-tenths percent (0.2%); or

36 (C) twenty-five hundredths percent (0.25%); and

37 (2) county economic development income tax rate plus the  
 38 county option income tax rate that are in effect on January 1 of  
 39 a year may equal up to one and twenty-five hundredths percent  
 40 (1.25%);

41 if the county income tax council makes a determination to impose rates  
 42 under this subsection and section 22 of this chapter.



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1           **(h) For a county having a population of more than thirty-seven**  
2 **thousand (37,000) but less than thirty-seven thousand eight**  
3 **hundred (37,800), the county economic development income tax**  
4 **rate plus the county adjusted gross income tax rate that are in**  
5 **effect on January 1 of a year may not exceed one and thirty-five**  
6 **hundredths percent (1.35%) if the county has imposed the county**  
7 **adjusted gross income tax at a rate of one and one-tenth percent**  
8 **(1.1%) under IC 6-3.5-1.1-2.5.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred House Bill 1157, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to House Bill 1157 as introduced.)

STEVENSON, Chair

Committee Vote: yeas 12, nays 0.

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