

SENATE BILL No. 413

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5.

Synopsis: County adjusted gross income tax. Allows Pulaski County to impose a county adjusted gross income tax at a rate of 1.3%. Provides that the county adjusted gross income tax revenue in Pulaski County that is derived from a tax rate of 0.3% may be used only to pay the costs of operating and maintaining a jail and justice center.

Effective: July 1, 1998.

Wolf

January 13, 1998, read first time and referred to Committee on Finance.

C
o
p
y



Introduced

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.

SENATE BILL No. 413

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%).

1998

IN 413—LS 7162/DI 73+



C
O
P
Y

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 twelve thousand six
31 hundred (12,600) but less than thirteen thousand (13,000).**

32 **(b) The county council of a county described in subsection (a)
33 may, by ordinance, determine that additional county adjusted
34 gross income tax revenue is needed in the county to fund the
35 operation and maintenance of a jail and justice center.**

36 **(c) Notwithstanding section 2 of this chapter, if the county
37 council adopts an ordinance under subsection (b), the county
38 council may impose the county adjusted gross income tax at a rate
39 of one and three-tenths percent (1.3%) on adjusted gross income.**

40 **(d) If a county imposes the county adjusted gross income tax at
41 a rate of one and three-tenths percent (1.3%) under this section,
42 the revenue derived from a tax rate of three-tenths percent (0.3%)**



C
O
P
Y

1 on adjusted gross income:

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

3 (2) may be used only to pay the costs of operating and
4 maintaining a jail and justice center; and

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

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

14 (b) **Except for revenue that must be used to pay the costs of**
15 **operating and maintaining a jail and justice center under section**
16 **2.5(d) of this chapter**, distributions made to a county treasurer under
17 subsection (a) shall be treated as though they were property taxes that
18 were due and payable during that same calendar year. The certified
19 distribution shall be distributed and used by the taxing units and school
20 corporations as provided in sections 11 through 15 of this chapter.

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

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

32 (b) Before August 2 of each calendar year, each county auditor shall
33 determine the part of the certified distribution for the next succeeding
34 calendar year that will be allocated as property tax replacement credits
35 and the part that will be allocated as certified shares. The percentage
36 of a certified distribution that will be allocated as property tax
37 replacement credits or as certified shares depends upon the county
38 adjusted gross income tax rate for resident county taxpayers in effect
39 on August 1 of the calendar year that precedes the year in which the
40 certified distribution will be received. The percentages are set forth in
41 the following table:

42 PROPERTY



C
O
P
Y

COUNTY	TAX	CERTIFIED
ADJUSTED GROSS	REPLACEMENT	SHARES
INCOME TAX RATE	CREDITS	
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

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

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

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

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

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

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

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) **Except as provided in subsection (h)**, the county economic development income tax rate plus the county adjusted gross income tax



1 rate, if any, that are in effect on January 1 of a year may not exceed one
 2 and twenty-five hundredths percent (1.25%). Except as provided in
 3 subsection (g), the county economic development tax rate plus the
 4 county option income tax rate, if any, that are in effect on January 1 of
 5 a year may not exceed one percent (1%).

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

10 "The _____ County _____ imposes the county economic
 11 development income tax on the county taxpayers of _____
 12 County. The county economic development income tax is imposed at
 13 a rate of _____ percent (____%) on the county taxpayers of the
 14 county. This tax takes effect July 1 of this year."

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

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

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

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

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

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

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

30 (2) county economic development income tax rate plus the
 31 county option income tax rate that are in effect on January 1 of
 32 a year may equal up to one and twenty-five hundredths percent
 33 (1.25%);

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

36 **(h) For a county having a population of more than twelve**
 37 **thousand six hundred (12,600) but less than thirteen thousand**
 38 **(13,000), the county economic development income tax rate plus**
 39 **the county adjusted gross income tax rate that are in effect on**
 40 **January 1 of a year may not exceed one and fifty-five hundredths**
 41 **percent (1.55%).**



C
O
P
Y