

# HOUSE BILL No. 1290

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1; IC 6-2.5; IC 6-3-2-1; IC 6-3-7; IC 12-13-8; IC 12-16-14-3; IC 12-19-7-4; IC 16-35-3-3; IC 36-7.

**Synopsis:** Taxation. Replaces the assessed value growth quotient inflator, which is used to determine the amount by which county, township, city, and town general fund property tax levies and certain other levies may increase, with a price index prepared by the United States Department of Commerce. Increases the property tax replacement credit from 20% to 60%. Makes conforming changes in the property tax credit statutes applicable to tax incentive financing areas. Increases the adjusted gross income tax from 3.4% to 4.4% and the sales tax from 5% to 6%. Transfers the additional revenue to the property tax replacement fund. Repeals an obsolete property tax limitation applicable to the 1990 levy for the county medical assistance to wards fund that has a reference to the assessed value growth quotient  
(Continued next page)

**Effective:** July 1, 1998; January 1, 1999; March 1, 2001.

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

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Digest Continued

inflator. Reconciles conflicts enacted by the 1995 general assembly  
(shown in italicized type).

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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.

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## HOUSE BILL No. 1290



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 6-1.1-18.5-2 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. (a) **As used in this**  
3 **section, "price deflator" means the gross domestic product implicit**  
4 **price deflator prepared by the United States Department of**  
5 **Commerce.**

6 (b) For purposes of determining a civil taxing unit's maximum  
7 permissible ad valorem property tax levy for an ensuing calendar year,  
8 the civil taxing unit shall use the ~~assessed value growth quotient~~  
9 **inflation index** determined in ~~the last~~ **STEP THREE** of the following  
10 **STEPS: formula:**

11 STEP ONE: Determine the **geometric average of the change in**  
12 **the price deflator for the three (3) calendar fiscal** years that  
13 most immediately precede the ensuing calendar year. ~~and in~~  
14 ~~which a statewide general reassessment of real property does not~~  
15 ~~first become effective.~~



1 STEP TWO: Compute separately, for each of the calendar years  
 2 determined in STEP ONE; the quotient (rounded to the nearest  
 3 ten-thousandth) of the civil taxing unit's total assessed value of all  
 4 taxable property in the particular calendar year, divided by the  
 5 civil taxing unit's total assessed value of all taxable property in the  
 6 calendar year immediately preceding the particular calendar year.

7 STEP THREE: Divide the sum of the three (3) quotients  
 8 computed in STEP TWO by three (3).

9 STEP FOUR: Determine the greater of the result computed in  
 10 STEP THREE or one and five-hundredths (1.05). **Determine the**  
 11 **sum of one (1) plus the STEP ONE result.**

12 STEP FIVE: **THREE:** Determine the lesser of the result  
 13 computed **determined** in STEP FOUR **TWO** or one and  
 14 one-tenth (1.1).

15 (b) If the assessed values of taxable property used in determining a  
 16 civil taxing unit's property taxes that are first due and payable in a  
 17 particular calendar year are significantly increased over the assessed  
 18 values used for the immediately preceding calendar year's property  
 19 taxes due to the settlement of litigation concerning the general  
 20 reassessment of that civil taxing unit's real property; then for purposes  
 21 of determining that civil taxing unit's assessed value growth quotient  
 22 for an ensuing calendar year; the state board of tax commissioners shall  
 23 replace the quotient described in STEP TWO of subsection (a) for that  
 24 particular calendar year. The state board of tax commissioners shall  
 25 replace that quotient with one that as accurately as possible will reflect  
 26 the actual growth in the civil taxing unit's assessed values of real  
 27 property from the immediately preceding calendar year to that  
 28 particular calendar year. (c) **If the method of calculating a price**  
 29 **deflator is revised after December 31, 1998, the inflation index**  
 30 **shall be calculated on the basis of the revised price deflator.**

31 (d) **Not later than July 1 in each year, the state board of tax**  
 32 **commissioners shall provide each civil taxing unit and county**  
 33 **auditor with an estimate of the price deflators and inflation index**  
 34 **that apply to the ensuing calendar year. Not later than October 1,**  
 35 **the state board of tax commissioners shall provide the price**  
 36 **deflators, as finally determined by the United States Department**  
 37 **of Commerce, and the revised inflation index that apply to the**  
 38 **ensuing calendar year. The state board of tax commissioners shall**  
 39 **use the revised inflation index in certifying budgets, tax rates, and**  
 40 **tax levies under IC 6-1.1-17-16.**

41 SECTION 2. IC 6-1.1-18.5-3 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. (a) Except as

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1 otherwise provided in this chapter, a civil taxing unit that is treated as  
 2 not being located in an adopting county under section 4 of this chapter  
 3 may not impose an ad valorem property tax levy for an ensuing  
 4 calendar year that exceeds the amount determined in the last STEP of  
 5 the following STEPS:

6 STEP ONE: Add the civil taxing unit's maximum permissible ad  
 7 valorem property tax levy for the preceding calendar year to the  
 8 part of the civil taxing unit's certified share, if any, that was used  
 9 to reduce the civil taxing unit's ad valorem property tax levy under  
 10 STEP EIGHT of subsection (b) for that preceding calendar year.

11 STEP TWO: Multiply the amount determined in STEP ONE by  
 12 the **amount inflation index** determined in the last STEP of ~~section 2~~  
 13 **section 2(b)** of this chapter.

14 STEP THREE: Determine the lesser of one and fifteen hundredths  
 15 (1.15) or the quotient (rounded to the nearest ten-thousandth) of  
 16 the assessed value of all taxable property subject to the civil  
 17 taxing unit's ad valorem property tax levy for the ensuing calendar  
 18 year divided by the assessed value of all taxable property that is  
 19 subject to the civil taxing unit's ad valorem property tax levy for  
 20 the ensuing calendar year and that is contained within the  
 21 geographic area that was subject to the civil taxing unit's ad  
 22 valorem property tax levy in the preceding calendar year.

23 STEP FOUR: Determine the greater of the amount determined in  
 24 STEP THREE or one (1).

25 STEP FIVE: Multiply the amount determined in STEP TWO by  
 26 the amount determined in STEP FOUR.

27 STEP SIX: Add the amount determined under STEP TWO to the  
 28 amount determined under subsection (c).

29 STEP SEVEN: Determine the greater of the amount determined  
 30 under STEP FIVE or the amount determined under STEP SIX.

31 (b) Except as otherwise provided in this chapter, a civil taxing unit  
 32 that is treated as being located in an adopting county under section 4 of  
 33 this chapter may not impose an ad valorem property tax levy for an  
 34 ensuing calendar year that exceeds the amount determined in the last  
 35 STEP of the following STEPS:

36 STEP ONE: Add the civil taxing unit's maximum permissible ad  
 37 valorem property tax levy for the preceding calendar year to the  
 38 part of the civil taxing unit's certified share, if any, used to reduce  
 39 the civil taxing unit's ad valorem property tax levy under STEP  
 40 EIGHT of this subsection for that preceding calendar year.

41 STEP TWO: Multiply the amount determined in STEP ONE by  
 42 the amount determined in the last STEP of ~~section 2~~ **section 2(b)**

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- 1 of this chapter.
- 2 STEP THREE: Determine the lesser of one and fifteen hundredths
- 3 (1.15) or the quotient of the assessed value of all taxable property
- 4 subject to the civil taxing unit's ad valorem property tax levy for
- 5 the ensuing calendar year divided by the assessed value of all
- 6 taxable property that is subject to the civil taxing unit's ad
- 7 valorem property tax levy for the ensuing calendar year and that
- 8 is contained within the geographic area that was subject to the
- 9 civil taxing unit's ad valorem property tax levy in the preceding
- 10 calendar year.
- 11 STEP FOUR: Determine the greater of the amount determined in
- 12 STEP THREE or one (1).
- 13 STEP FIVE: Multiply the amount determined in STEP TWO by
- 14 the amount determined in STEP FOUR.
- 15 STEP SIX: Add the amount determined under STEP TWO to the
- 16 amount determined under subsection (c).
- 17 STEP SEVEN: Determine the greater of the amount determined
- 18 under STEP FIVE or the amount determined under STEP SIX.
- 19 STEP EIGHT: Subtract the amount determined under STEP FIVE
- 20 of subsection (e) from the amount determined under STEP
- 21 SEVEN of this subsection.
- 22 (c) If a civil taxing unit in the immediately preceding calendar year
- 23 provided an area outside its boundaries with services on a contractual
- 24 basis and in the ensuing calendar year that area has been annexed by
- 25 the civil taxing unit, the amount to be entered under STEP SIX of
- 26 subsection (a) or STEP SIX of subsection (b), as the case may be,
- 27 equals the amount paid by the annexed area during the immediately
- 28 preceding calendar year for services that the civil taxing unit must
- 29 provide to that area during the ensuing calendar year as a result of the
- 30 annexation. In all other cases, the amount to be entered under STEP
- 31 SIX of subsection (a) or STEP SIX of subsection (b), as the case may
- 32 be, equals zero (0).
- 33 (d) This subsection applies only to civil taxing units located in a
- 34 county having a county adjusted gross income tax rate for resident
- 35 county taxpayers (as defined in IC 6-3.5-1.1-1) of one percent (1%) as
- 36 of January 1 of the ensuing calendar year. For each civil taxing unit, the
- 37 amount to be added to the amount determined in subsection (e), STEP
- 38 FOUR, is determined using the following formula:
- 39 STEP ONE: Multiply the civil taxing unit's maximum permissible
- 40 ad valorem property tax levy for the preceding calendar year by
- 41 two percent (2%).
- 42 STEP TWO: For the determination year, the amount to be used as

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- 1 the STEP TWO amount is the amount determined in subsection  
 2 (f) for the civil taxing unit. For each year following the  
 3 determination year the STEP TWO amount is the lesser of:  
 4 (A) the amount determined in STEP ONE; or  
 5 (B) the amount determined in subsection (f) for the civil taxing  
 6 unit.
- 7 STEP THREE: Determine the greater of:  
 8 (A) zero (0); or  
 9 (B) the civil taxing unit's certified share for the ensuing  
 10 calendar year minus the greater of:  
 11 (i) the civil taxing unit's certified share for the calendar year  
 12 that immediately precedes the ensuing calendar year; or  
 13 (ii) the civil taxing unit's base year certified share.
- 14 STEP FOUR: Determine the greater of:  
 15 (A) zero (0); or  
 16 (B) the amount determined in STEP TWO minus the amount  
 17 determined in STEP THREE.
- 18 Add the amount determined in STEP FOUR to the amount determined  
 19 in subsection (e), STEP THREE, as provided in subsection (e), STEP  
 20 FOUR.
- 21 (e) For each civil taxing unit, the amount to be subtracted under  
 22 subsection (b), STEP EIGHT, is determined using the following  
 23 formula:
- 24 STEP ONE: Determine the lesser of the civil taxing unit's base  
 25 year certified share for the ensuing calendar year, as determined  
 26 under section 5 of this chapter, or the civil taxing unit's certified  
 27 share for the ensuing calendar year.
- 28 STEP TWO: Determine the greater of:  
 29 (A) zero (0); or  
 30 (B) the remainder of:  
 31 (i) the amount of federal revenue sharing money that was  
 32 received by the civil taxing unit in 1985; minus  
 33 (ii) the amount of federal revenue sharing money that will be  
 34 received by the civil taxing unit in the year preceding the  
 35 ensuing calendar year.
- 36 STEP THREE: Determine the lesser of:  
 37 (A) the amount determined in STEP TWO; or  
 38 (B) the amount determined in subsection (f) for the civil taxing  
 39 unit.
- 40 STEP FOUR: Add the amount determined in subsection (d),  
 41 STEP FOUR, to the amount determined in STEP THREE.
- 42 STEP FIVE: Subtract the amount determined in STEP FOUR

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- 1 from the amount determined in STEP ONE.  
 2 (f) As used in this section, a taxing unit's "determination year"  
 3 means the latest of:  
 4 (1) calendar year 1987, if the taxing unit is treated as being  
 5 located in an adopting county for calendar year 1987 under  
 6 section 4 of this chapter;  
 7 (2) the taxing unit's base year, as defined in section 5 of this  
 8 chapter, if the taxing unit is treated as not being located in an  
 9 adopting county for calendar year 1987 under section 4 of this  
 10 chapter; or  
 11 (3) the ensuing calendar year following the first year that the  
 12 taxing unit is located in a county that has a county adjusted gross  
 13 income tax rate of more than one-half percent (0.5%) on July 1 of  
 14 that year.

15 The amount to be used in subsections (d) and (e) for a taxing unit  
 16 depends upon the taxing unit's certified share for the ensuing calendar  
 17 year, the taxing unit's determination year, and the county adjusted gross  
 18 income tax rate for resident county taxpayers (as defined in  
 19 IC 6-3.5-1.1-1) that is in effect in the taxing unit's county on July 1 of  
 20 the year preceding the ensuing calendar year. For the determination  
 21 year and the ensuing calendar years following the taxing unit's  
 22 determination year, the amount is the taxing unit's certified share for  
 23 the ensuing calendar year multiplied by the appropriate factor  
 24 prescribed in the following table:

25                   COUNTRIES WITH A TAX RATE OF 1/2%

26		Subsection (e)
27	Year	Factor
28	For the determination year and each en-	
29	suing calendar year following the deter-	
30	mination year . . . . .	0

31                   COUNTRIES WITH A TAX RATE OF 3/4%

32		Subsection (e)
33	Year	Factor
34	For the determination year and each en-	
35	suing calendar year following the deter-	
36	mination year . . . . .	1/2

37                   COUNTRIES WITH A TAX RATE OF 1.0%

38		Subsection (d)	Subsection (e)
39	Year	Factor	Factor
40	For the determination year . . . . .	1/6	1/3
41	For the ensuing calendar		
42	year following the determi-		

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1 nation year . . . . . 1/4 . . . . . 1/3  
 2 For the ensuing calendar  
 3 year following the determi-  
 4 nation year by two (2) years . . . . . 1/3 . . . . . 1/3

5 SECTION 3. IC 6-1.1-18.5-13, AS AMENDED BY P.L.25-1995,  
 6 SECTION 31, AND P.L.87-1995, SECTION 1 (CURRENT  
 7 VERSIONS), IS CORRECTED AND IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 13. With respect to an  
 9 appeal filed under section 12 of this chapter, the local government tax  
 10 control board may recommend that a civil taxing unit receive any one  
 11 (1) or more of the following types of relief:

12 (1) Permission to the civil taxing unit to reallocate the amount  
 13 set aside as a property tax replacement credit as required by  
 14 IC 6-3.5-1.1 for a purpose other than property tax relief.  
 15 However, whenever this occurs, the local government tax control  
 16 board shall also state the amount to be reallocated.

17 (2) Permission to the civil taxing unit to increase its levy in  
 18 excess of the limitations established under section 3 of this  
 19 chapter, if in the judgment of the local government tax control  
 20 board the increase is reasonably necessary due to increased costs  
 21 of the civil taxing unit resulting from annexation, consolidation,  
 22 or other extensions of governmental services by the civil taxing  
 23 unit to additional geographic areas or persons.

24 (3) Permission to the civil taxing unit to increase its levy in  
 25 excess of the limitations established under section 3 of this  
 26 chapter, if the local government tax control board finds that the  
 27 civil taxing unit needs the increase to meet the civil taxing unit's  
 28 share of the costs of operating a court established by statute  
 29 enacted after December 31, 1973. Before recommending such an  
 30 increase, the local government tax control board shall consider  
 31 all other revenues available to the civil taxing unit that could be  
 32 applied for that purpose. The maximum aggregate levy increases  
 33 that the local government tax control board may recommend for  
 34 a particular court equals the civil taxing unit's share of the costs  
 35 of operating a court for the first full calendar year in which it is  
 36 in existence.

37 (4) Permission to the civil taxing unit to increase its levy in  
 38 excess of the limitations established under section 3 of this  
 39 chapter, if the civil taxing unit's ~~average three (3) year growth~~  
 40 ~~factor; inflation index~~, as determined in ~~section 2~~ **section 2(b)**  
 41 **(STEP THREE)** of this chapter, exceeds one and one-tenth (1.1).  
 42 However, any increase in the amount of the civil taxing unit's

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1 levy recommended by the local government tax control board  
 2 under this subdivision may not exceed an amount equal to the  
 3 remainder of:

4 (A) the amount of ad valorem property taxes the civil taxing  
 5 unit could impose for the ensuing calendar year under  
 6 section 3 of this chapter if at STEP TWO of subsection (a)  
 7 or (b), as the case may be, the amount determined in STEP  
 8 ~~THREE TWO~~ of ~~section 2~~ **section 2(b)** of this chapter is  
 9 substituted for the amount determined under STEP ~~FIVE~~  
 10 **THREE** of section 2 of this chapter; minus

11 (B) the amount of ad valorem property taxes the civil taxing  
 12 unit could impose under section 3 of this chapter for the  
 13 ensuing calendar year.

14 In addition, before the local government tax control board may  
 15 recommend the relief allowed under this subdivision, the civil  
 16 taxing unit must show a need for the increased levy because of  
 17 special circumstances, and the local government tax control  
 18 board must consider other sources of revenue and other means  
 19 of relief.

20 (5) Permission to the civil taxing unit to increase its levy in  
 21 excess of the limitations established under section 3 of this  
 22 chapter, if the local government tax control board finds that the  
 23 civil taxing unit needs the increase to pay the costs of furnishing  
 24 fire protection for the civil taxing unit through a volunteer fire  
 25 department. For purposes of determining a township's need for  
 26 an increased levy, the local government tax control board shall  
 27 not consider the amount of money borrowed under IC 36-6-6-14  
 28 during the immediately preceding calendar year. However, any  
 29 increase in the amount of the civil taxing unit's levy  
 30 recommended by the local government tax control board under  
 31 this subdivision for the ensuing calendar year may not exceed  
 32 the lesser of:

33 (A) ten thousand dollars (\$10,000); or

34 (B) twenty percent (20%) of:

35 (i) the amount authorized for operating expenses of a  
 36 volunteer fire department in the budget of the civil  
 37 taxing unit for the immediately preceding calendar  
 38 year; plus

39 (ii) the amount of any additional appropriations  
 40 authorized during that calendar year for the civil taxing  
 41 unit's use in paying operating expenses of a volunteer  
 42 fire department under IC 6-1.1-18.5; minus

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- 1 (iii) the amount of money borrowed under  
 2 IC 36-6-6-14 during that calendar year for the civil  
 3 taxing unit's use in paying operating expenses of a  
 4 volunteer fire department.
- 5 (6) Permission to a civil taxing unit to increase its levy in excess  
 6 of the limitations established under section 3 of this chapter in  
 7 order to raise revenues for pension payments and contributions  
 8 the civil taxing unit is required to make under IC 36-8. The  
 9 maximum increase in a civil taxing unit's levy that may be  
 10 recommended under this subdivision for an ensuing calendar  
 11 year equals the amount, if any, by which the pension payments  
 12 and contributions the civil taxing unit is required to make under  
 13 IC 36-8 during the ensuing calendar year exceeds the product of  
 14 one and one-tenth (1.1) multiplied by the pension payments and  
 15 contributions made by the civil taxing unit under IC 36-8 during  
 16 the calendar year that immediately precedes the ensuing calendar  
 17 year. For purposes of this subdivision, "pension payments and  
 18 contributions made by a civil taxing unit" does not include that  
 19 part of the payments or contributions that are funded by  
 20 distributions made to a civil taxing unit by the state.
- 21 (7) Permission to increase its levy in excess of the limitations  
 22 established under section 3 of this chapter if the local  
 23 government tax control board finds that:
- 24 (A) the township's poor relief ad valorem property tax rate  
 25 is less than five cents (\$0.05) per one hundred dollars  
 26 (\$100) of assessed valuation; and
- 27 (B) the township needs the increase to meet the costs of  
 28 providing poor relief under IC 12-20 and IC 12-30-4.
- 29 The maximum increase that the board may recommend for a  
 30 township is the levy that would result from an increase in the  
 31 township's poor relief ad valorem property tax rate of five cents  
 32 (\$0.05) per one hundred dollars (\$100) of assessed valuation  
 33 minus the township's ad valorem property tax rate per one  
 34 hundred dollars (\$100) of assessed valuation before the increase.
- 35 (8) Permission to a civil taxing unit to increase its levy in excess  
 36 of the limitations established under section 3 of this chapter if:
- 37 (A) the increase has been approved by the legislative body  
 38 of the municipality with the largest population where the  
 39 civil taxing unit provides public transportation services; and  
 40 (B) the local government tax control board finds that the  
 41 civil taxing unit needs the increase to provide adequate  
 42 public transportation services.

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1 The local government tax control board shall consider tax rates  
 2 and levies in civil taxing units of comparable population, and the  
 3 effect (if any) of a loss of federal or other funds to the civil  
 4 taxing unit that might have been used for public transportation  
 5 purposes. However, the increase that the board may recommend  
 6 under this subdivision for a civil taxing unit may not exceed the  
 7 revenue that would be raised by the civil taxing unit based on a  
 8 property tax rate of three cents (\$0.03) per one hundred dollars  
 9 (\$100) of assessed valuation.

10 (9) Permission to a civil taxing unit to increase the unit's levy in  
 11 excess of the limitations established under section 3 of this  
 12 chapter if the local government tax control board finds that:

13 (A) the civil taxing unit is:

14 (i) a county having a population of more than one  
 15 hundred twenty-nine thousand (129,000) but less than  
 16 one hundred thirty thousand six hundred (130,600);

17 (ii) a city having a population of more than forty-three  
 18 thousand seven hundred (43,700) but less than  
 19 forty-four thousand (44,000);

20 (iii) a city having a population of more than  
 21 twenty-five thousand five hundred (25,500) but less  
 22 than twenty-six thousand (26,000);

23 (iv) a city having a population of more than fifteen  
 24 thousand three hundred fifty (15,350) but less than  
 25 fifteen thousand five hundred seventy (15,570); or

26 (v) a city having a population of more than five  
 27 thousand six hundred fifty (5,650) but less than five  
 28 thousand seven hundred eight (5,708); and

29 (B) the increase is necessary to provide funding to  
 30 undertake removal (as defined in ~~IC 13-7-8.7-1~~)  
 31 **IC 13-11-2-187**) and remedial action (as defined in  
 32 ~~IC 13-7-8.7-1~~) **IC 13-11-2-185**) relating to hazardous  
 33 substances (as defined in ~~IC 13-7-8.7-1~~) **IC 13-11-2-98**) in  
 34 solid waste disposal facilities or industrial sites in the civil  
 35 taxing unit that have become a menace to the public health  
 36 and welfare.

37 The maximum increase that the local government tax control  
 38 board may recommend for such a civil taxing unit is the levy that  
 39 would result from a property tax rate of twenty cents (\$0.20) for  
 40 each one hundred dollars (\$100) of assessed valuation. For  
 41 purposes of computing the ad valorem property tax levy limit  
 42 imposed on a civil taxing unit under section 3 of this chapter, the

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1 civil taxing unit's ad valorem property tax levy for a particular  
 2 year does not include that part of the levy imposed under this  
 3 subdivision. In addition, a property tax increase permitted under  
 4 this subdivision may be imposed for only two (2) calendar years.  
 5 (10) Permission for a county having a population of more than  
 6 seventy-eight thousand (78,000) but less than eighty-five  
 7 thousand (85,000) to increase the county's levy in excess of the  
 8 limitations established under section 3 of this chapter, if the local  
 9 government tax control board finds that the county needs the  
 10 increase to meet the county's share of the costs of operating a jail  
 11 or juvenile detention center, including expansion of the facility,  
 12 if the jail or juvenile detention center is opened after December  
 13 31, 1991. Before recommending an increase, the local  
 14 government tax control board shall consider all other revenues  
 15 available to the county that could be applied for that purpose. An  
 16 appeal for operating funds for a jail or juvenile detention center  
 17 shall be considered individually, if a jail and juvenile detention  
 18 center are both opened in one (1) county. The maximum  
 19 aggregate levy increases that the local government tax control  
 20 board may recommend for a county equals the county's share of  
 21 the costs of operating the jail or juvenile detention center for the  
 22 first full calendar year in which the jail or juvenile detention  
 23 center is in operation.

24 (11) Permission for a township to increase its levy in excess of  
 25 the limitations established under section 3 of this chapter, if the  
 26 local government tax control board finds that the township needs  
 27 the increase so that the property tax rate to pay the costs of  
 28 furnishing fire protection for a township, or a portion of a  
 29 township, enables the township to pay a fair and reasonable  
 30 amount under a contract with the municipality that is furnishing  
 31 the fire protection. However, *for the first time an appeal is*  
 32 *granted the resulting rate increase may not exceed fifty percent*  
 33 *(50%) of the difference between the rate imposed for fire*  
 34 *protection within the municipality that is providing the fire*  
 35 *protection to the township and the township's rate. A township*  
 36 *is not required to appeal a second time for an increase under this*  
 37 *subdivision if the township wants to further increase its rate.*  
 38 *However, a township's rate may be increased to equal but may*  
 39 *chapter if the property tax rate the township is using in*  
 40 *determining its maximum permissible levy does not exceed the*  
 41 *rate that is used by the municipality. More than one (1) township*  
 42 *served by the same municipality may use this appeal.*

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1 SECTION 4. IC 6-1.1-18.5-13, AS AMENDED BY P.L.6-1997,  
 2 SECTION 85 (DELAYED VERSION), IS AMENDED TO READ AS  
 3 FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 13. With respect to  
 4 an appeal filed under section 12 of this chapter, the local government  
 5 tax control board may recommend that a civil taxing unit receive any  
 6 one (1) or more of the following types of relief:

7 (1) Permission to the civil taxing unit to reallocate the amount  
 8 set aside as a property tax replacement credit as required by  
 9 IC 6-3.5-1.1 for a purpose other than property tax relief.  
 10 However, whenever this occurs, the local government tax control  
 11 board shall also state the amount to be reallocated.

12 (2) Permission to the civil taxing unit to increase its levy in  
 13 excess of the limitations established under section 3 of this  
 14 chapter, if in the judgment of the local government tax control  
 15 board the increase is reasonably necessary due to increased costs  
 16 of the civil taxing unit resulting from annexation, consolidation,  
 17 or other extensions of governmental services by the civil taxing  
 18 unit to additional geographic areas or persons.

19 (3) Permission to the civil taxing unit to increase its levy in  
 20 excess of the limitations established under section 3 of this  
 21 chapter, if the local government tax control board finds that the  
 22 civil taxing unit needs the increase to meet the civil taxing unit's  
 23 share of the costs of operating a court established by statute  
 24 enacted after December 31, 1973. Before recommending such an  
 25 increase, the local government tax control board shall consider  
 26 all other revenues available to the civil taxing unit that could be  
 27 applied for that purpose. The maximum aggregate levy increases  
 28 that the local government tax control board may recommend for  
 29 a particular court equals the civil taxing unit's share of the costs  
 30 of operating a court for the first full calendar year in which it is  
 31 in existence.

32 (4) Permission to the civil taxing unit to increase its levy in  
 33 excess of the limitations established under section 3 of this  
 34 chapter, if the civil taxing unit's ~~average three (3) year growth~~  
 35 ~~factor, inflation index~~, as determined in ~~section 2~~ **section 2(b)**  
 36 **(STEP THREE)** of this chapter, exceeds one and one-tenth (1.1).  
 37 However, any increase in the amount of the civil taxing unit's  
 38 levy recommended by the local government tax control board  
 39 under this subdivision may not exceed an amount equal to the  
 40 remainder of:

41 (A) the amount of ad valorem property taxes the civil taxing  
 42 unit could impose for the ensuing calendar year under

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1 section 3 of this chapter if at STEP TWO of subsection (a)  
 2 or (b), as the case may be, the amount determined in STEP  
 3 ~~THREE TWO~~ of ~~section 2~~ **section 2(b)** of this chapter is  
 4 substituted for the amount determined under STEP ~~FIVE~~  
 5 **THREE** of ~~section 2~~ **section 2(b)** of this chapter; minus  
 6 (B) the amount of ad valorem property taxes the civil taxing  
 7 unit could impose under section 3 of this chapter for the  
 8 ensuing calendar year.

9 In addition, before the local government tax control board may  
 10 recommend the relief allowed under this subdivision, the civil  
 11 taxing unit must show a need for the increased levy because of  
 12 special circumstances, and the local government tax control  
 13 board must consider other sources of revenue and other means  
 14 of relief.

15 (5) Permission to the civil taxing unit to increase its levy in  
 16 excess of the limitations established under section 3 of this  
 17 chapter, if the local government tax control board finds that the  
 18 civil taxing unit needs the increase to pay the costs of furnishing  
 19 fire protection for the civil taxing unit through a volunteer fire  
 20 department. For purposes of determining a township's need for  
 21 an increased levy, the local government tax control board shall  
 22 not consider the amount of money borrowed under IC 36-6-6-14  
 23 during the immediately preceding calendar year. However, any  
 24 increase in the amount of the civil taxing unit's levy  
 25 recommended by the local government tax control board under  
 26 this subdivision for the ensuing calendar year may not exceed  
 27 the lesser of:

28 (A) ten thousand dollars (\$10,000); or

29 (B) twenty percent (20%) of:

30 (i) the amount authorized for operating expenses of a  
 31 volunteer fire department in the budget of the civil  
 32 taxing unit for the immediately preceding calendar  
 33 year; plus

34 (ii) the amount of any additional appropriations  
 35 authorized during that calendar year for the civil taxing  
 36 unit's use in paying operating expenses of a volunteer  
 37 fire department under IC 6-1.1-18.5; minus

38 (iii) the amount of money borrowed under  
 39 IC 36-6-6-14 during that calendar year for the civil  
 40 taxing unit's use in paying operating expenses of a  
 41 volunteer fire department.

42 (6) Permission to a civil taxing unit to increase its levy in excess

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1 of the limitations established under section 3 of this chapter in  
 2 order to raise revenues for pension payments and contributions  
 3 the civil taxing unit is required to make under IC 36-8. The  
 4 maximum increase in a civil taxing unit's levy that may be  
 5 recommended under this subdivision for an ensuing calendar  
 6 year equals the amount, if any, by which the pension payments  
 7 and contributions the civil taxing unit is required to make under  
 8 IC 36-8 during the ensuing calendar year exceeds the product of  
 9 one and one-tenth (1.1) multiplied by the pension payments and  
 10 contributions made by the civil taxing unit under IC 36-8 during  
 11 the calendar year that immediately precedes the ensuing calendar  
 12 year. For purposes of this subdivision, "pension payments and  
 13 contributions made by a civil taxing unit" does not include that  
 14 part of the payments or contributions that are funded by  
 15 distributions made to a civil taxing unit by the state.

16 (7) Permission to increase its levy in excess of the limitations  
 17 established under section 3 of this chapter if the local  
 18 government tax control board finds that:

- 19 (A) the township's poor relief ad valorem property tax rate  
 20 is less than one and sixty-seven hundredths cents (\$0.0167)  
 21 per one hundred dollars (\$100) of assessed valuation; and
- 22 (B) the township needs the increase to meet the costs of  
 23 providing poor relief under IC 12-20 and IC 12-30-4.

24 The maximum increase that the board may recommend for a  
 25 township is the levy that would result from an increase in the  
 26 township's poor relief ad valorem property tax rate of one and  
 27 sixty-seven hundredths cents (\$0.0167) per one hundred dollars  
 28 (\$100) of assessed valuation minus the township's ad valorem  
 29 property tax rate per one hundred dollars (\$100) of assessed  
 30 valuation before the increase.

31 (8) Permission to a civil taxing unit to increase its levy in excess  
 32 of the limitations established under section 3 of this chapter if:

- 33 (A) the increase has been approved by the legislative body  
 34 of the municipality with the largest population where the  
 35 civil taxing unit provides public transportation services; and
- 36 (B) the local government tax control board finds that the  
 37 civil taxing unit needs the increase to provide adequate  
 38 public transportation services.

39 The local government tax control board shall consider tax rates  
 40 and levies in civil taxing units of comparable population, and the  
 41 effect (if any) of a loss of federal or other funds to the civil  
 42 taxing unit that might have been used for public transportation

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purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent (\$0.01) per one hundred dollars (\$100) of assessed valuation.

(9) Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

- (i) a county having a population of more than one hundred twenty-nine thousand (129,000) but less than one hundred thirty thousand six hundred (130,600);
- (ii) a city having a population of more than forty-three thousand seven hundred (43,700) but less than forty-four thousand (44,000);
- (iii) a city having a population of more than twenty-five thousand five hundred (25,500) but less than twenty-six thousand (26,000);
- (iv) a city having a population of more than fifteen thousand three hundred fifty (15,350) but less than fifteen thousand five hundred seventy (15,570); or
- (v) a city having a population of more than five thousand six hundred fifty (5,650) but less than five thousand seven hundred eight (5,708); and

(B) the increase is necessary to provide funding to undertake removal (as defined in ~~IC 13-7-8.7-1~~ **IC 13-11-2-187**) and remedial action (as defined in ~~IC 13-7-8.7-1~~ **IC 13-11-2-185**) relating to hazardous substances (as defined in ~~IC 13-7-8.7-1~~ **IC 13-11-2-98**) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be

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imposed for only two (2) calendar years.  
(10) Permission for a county having a population of more than seventy-eight thousand (78,000) but less than eighty-five thousand (85,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991. Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(11) Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

SECTION 5. IC 6-1.1-18.6-2, AS AMENDED BY P.L.36-1994, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. A county may not impose a county welfare property tax levy for an ensuing calendar year or a county family and

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1 children property tax levy for an ensuing calendar year (whichever  
2 applies) that exceeds the product of:

3 (1) the ~~assessed value growth quotient inflation index~~  
4 determined under IC 6-1.1-18.5-2 for the county for the ensuing  
5 calendar year; multiplied by

6 (2) the maximum county welfare property tax levy or the  
7 maximum county family and children property tax levy  
8 (whichever applies) that the county could have imposed for the  
9 calendar year immediately preceding the ensuing calendar year  
10 under the limitations set by this section.

11 SECTION 6. IC 6-1.1-21-2, AS AMENDED BY  
12 P.L.253-1997(ss), SECTION 4, IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. As used in this  
14 chapter:

15 (a) "Taxpayer" means a person who is liable for taxes on property  
16 assessed under this article.

17 (b) "Taxes" means taxes payable in respect to property assessed  
18 under this article. The term does not include special assessments,  
19 penalties, or interest, but does include any special charges which a  
20 county treasurer combines with all other taxes in the preparation and  
21 delivery of the tax statements required under IC 6-1.1-22-8(a).

22 (c) "Department" means the department of state revenue.

23 (d) "Auditor's abstract" means the annual report prepared by each  
24 county auditor which under IC 6-1.1-22-5, is to be filed on or before  
25 March 1 of each year with the auditor of state.

26 (e) "Mobile home assessments" means the assessments of mobile  
27 homes made under IC 6-1.1-7.

28 (f) "Postabstract adjustments" means adjustments in taxes made  
29 subsequent to the filing of an auditor's abstract which change  
30 assessments therein or add assessments of omitted property affecting  
31 taxes for such assessment year.

32 (g) "Total county tax levy" means the sum of:

33 (1) the remainder of:

34 (A) the aggregate levy of all taxes for all taxing units in a  
35 county which are to be paid in the county for a stated  
36 assessment year as reflected by the auditor's abstract for the  
37 assessment year, adjusted, however, for any postabstract  
38 adjustments which change the amount of the aggregate levy;  
39 minus

40 (B) the sum of any increases in property tax levies of taxing  
41 units of the county that result from appeals described in:

42 (i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed

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after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

- (i) is entered into after December 31, 1983;
- (ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and
- (iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (**before its repeal**) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

- (i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (**before its repeal**) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus
- (ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (**before its repeal**) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or

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reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

- (i) IC 21-2-15 for a capital projects fund; plus
- (ii) IC 6-1.1-19-10 for a racial balance fund; plus
- (iii) IC 20-14-13 for a library capital projects fund; plus
- (iv) IC 20-5-17.5-3 for an art association fund; plus
- (v) IC 21-2-17 for a special education preschool fund; plus
- (vi) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; plus
- (vii) an appeal filed under IC 6-1.1-19-5.4 for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19, including any increases in these property taxes that are attributable to the adjustment set forth in ~~IC 6-1.1-19-1.5(a)~~ **STEP ONE IC 6-1.1-19-1.5(b) STEP FOUR** or any other law; minus

(I) for each township in the county, the lesser of:

- (i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(5) filed after December 31, 1982; or
- (ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

(J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of

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1 the participating units that would have otherwise been  
 2 available for fire protection services under IC 6-1.1-18.5-3  
 3 and IC 6-1.1-18.5-19 for that same year; minus

4 (K) for each county, the sum of:

5 (i) the amount of property taxes imposed in the county  
 6 for the repayment of loans under IC 12-19-5-6 that is  
 7 included in the amount determined under  
 8 ~~IC 12-19-7-4(a) STEP SEVEN~~ for property taxes  
 9 payable in 1995; or for property taxes payable in each  
 10 year after 1995, the amount determined under  
 11 ~~IC 12-19-7-4(b);~~ **IC 12-19-7-4;** and

12 (ii) the amount of property taxes imposed in the county  
 13 attributable to appeals granted under IC 6-1.1-18.6-3  
 14 that is included in the amount determined under  
 15 ~~IC 12-19-7-4(a) STEP SEVEN~~ for property taxes  
 16 payable in 1995; or the amount determined under  
 17 ~~IC 12-19-7-4(b)~~ for property taxes payable in each year  
 18 after 1995; **IC 12-19-7-4;** plus

19 (2) all taxes to be paid in the county in respect to mobile home  
 20 assessments currently assessed for the year in which the taxes  
 21 stated in the abstract are to be paid; plus

22 (3) the amounts, if any, of county adjusted gross income taxes  
 23 that were applied by the taxing units in the county as property  
 24 tax replacement credits to reduce the individual levies of the  
 25 taxing units for the assessment year, as provided in IC 6-3.5-1.1;  
 26 plus

27 (4) the amounts, if any, by which the maximum permissible ad  
 28 valorem property tax levies of the taxing units of the county were  
 29 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated  
 30 assessment year; plus

31 (5) the difference between:

32 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP  
 33 FOUR; minus

34 (B) the amount the civil taxing units' levies were increased  
 35 because of the reduction in the civil taxing units' base year  
 36 certified shares under IC 6-1.1-18.5-3(e).

37 (h) "December settlement sheet" means the certificate of  
 38 settlement filed by the county auditor with the auditor of state, as  
 39 required under IC 6-1.1-27-3.

40 (i) "Tax duplicate" means the roll of property taxes which each  
 41 county auditor is required to prepare on or before March 1 of each year  
 42 under IC 6-1.1-22-3.



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1 SECTION 7. IC 6-1.1-21-3 IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 3. (a) On or  
 3 before March 1 of each year, the state board of tax commissioners shall  
 4 certify to the department on a form approved by the state board of  
 5 accounts, an estimate of the total county tax levy collectible in that  
 6 calendar year for each county in the state. The estimate shall be based  
 7 on the tax collections for the preceding calendar year, adjusted as  
 8 necessary to reflect the total county tax levy (as defined in section 2(g)  
 9 of this chapter) from the budgets, tax levies, and rates as finally  
 10 determined and acted upon by the state board of tax commissioners.  
 11 The department, with the assistance of the auditor of state, shall  
 12 determine on the basis of the report an amount equal to ~~twenty~~ **sixty**  
 13 percent (~~20%~~) (**60%**) of the total county tax levy, which is the  
 14 estimated property tax replacement.

15 (b) In the same report containing the estimate of a county's total  
 16 county tax levy, the state board of tax commissioners shall also certify  
 17 the amount of homestead credits provided under IC 6-1.1-20.9 which  
 18 are allowed by the county for the particular calendar year.

19 (c) If there are one (1) or more taxing districts in the county that  
 20 contain all or part of an economic development district that meets the  
 21 requirements of section 5.5 of this chapter, the state board of tax  
 22 commissioners shall estimate an additional distribution for the county  
 23 in the same report required under subsection (a). This additional  
 24 distribution equals the sum of the amounts determined under the  
 25 following STEPS for all taxing districts in the county that contain all  
 26 or part of an economic development district:

27 STEP ONE: Estimate that part of the sum of the amounts under  
 28 section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable  
 29 to the taxing district.

30 STEP TWO: Divide:

31 (A) that part of the estimated property tax replacement  
 32 determined under subsection (a) that is attributable to the  
 33 taxing district; by

34 (B) the STEP ONE sum.

35 STEP THREE: Multiply:

36 (A) the STEP TWO quotient; times

37 (B) the property taxes levied in the taxing district that are  
 38 allocated to a special fund under IC 6-1.1-39-5.

39 (d) The sum of the amounts determined under subsections (a)  
 40 through (c) is the particular county's estimated distribution for the  
 41 calendar year.

42 SECTION 8. IC 6-1.1-21-4, AS AMENDED BY P.L.30-1996,



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1 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JANUARY 1, 1999]: Sec. 4. (a) Each year the department shall  
3 allocate from the property tax replacement fund an amount equal to the  
4 sum of:

5 (1) ~~twenty six~~ **twenty six** percent (~~20%~~) (**60%**) of each county's total  
6 county tax levy payable that year; plus

7 (2) the total amount of homestead tax credits that are provided  
8 under IC 6-1.1-20.9 and allowed by each county for that year;  
9 plus

10 (3) an amount for each county that has one (1) or more taxing  
11 districts that contain all or part of an economic development  
12 district that meets the requirements of section 5.5 of this chapter.  
13 This amount is the sum of the amounts determined under the  
14 following STEPS for all taxing districts in the county that  
15 contain all or part of an economic development district:

16 STEP ONE: Determine that part of the sum of the amounts  
17 under section 2(g)(1)(A) and 2(g)(2) of this chapter that is  
18 attributable to the taxing district.

19 STEP TWO: Divide:

20 (A) that part of the subdivision (1) amount that is  
21 attributable to the taxing district; by

22 (B) the STEP ONE sum.

23 STEP THREE: Multiply:

24 (A) the STEP TWO quotient; times

25 (B) the property taxes levied in the taxing district that  
26 are allocated to a special fund under IC 6-1.1-39-5.

27 (b) Between March 1 and August 31 of each year, the department  
28 shall distribute to each county treasurer from the property tax  
29 replacement fund one-half (1/2) of the estimated distribution for that  
30 year for the county. Between September 1 and December 15 of that  
31 year, the department shall distribute to each county treasurer from the  
32 property tax replacement fund the remaining one-half (1/2) of each  
33 estimated distribution for that year. The amount of the distribution for  
34 each of these periods shall be according to a schedule determined by  
35 the property tax replacement fund board under section 10 of this  
36 chapter. The estimated distribution for each county may be adjusted  
37 from time to time by the department to reflect any changes in the total  
38 county tax levy upon which the estimated distribution is based.

39 (c) On or before December 31 of each year or as soon thereafter  
40 as possible, the department shall make a final determination of the  
41 amount which should be distributed from the property tax replacement  
42 fund to each county for that calendar year. This determination shall be



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1 known as the final determination of distribution. The department shall  
 2 distribute to the county treasurer or receive back from the county  
 3 treasurer any deficit or excess, as the case may be, between the sum of  
 4 the distributions made for that calendar year based on the estimated  
 5 distribution and the final determination of distribution. The final  
 6 determination of distribution shall be based on the auditor's abstract  
 7 filed with the auditor of state, adjusted for postabstract adjustments  
 8 included in the December settlement sheet for the year, and such  
 9 additional information as the department may require.

10 (d) All distributions provided for in this section shall be made on  
 11 warrants issued by the auditor of state drawn on the treasurer of state.  
 12 If the amounts allocated by the department from the property tax  
 13 replacement fund exceed in the aggregate the balance of money in the  
 14 fund, then the amount of the deficiency shall be transferred from the  
 15 state general fund to the property tax replacement fund, and the auditor  
 16 of state shall issue a warrant to the treasurer of state ordering the  
 17 payment of that amount. However, any amount transferred under this  
 18 section from the general fund to the property tax replacement fund  
 19 shall, as soon as funds are available in the property tax replacement  
 20 fund, be retransferred from the property tax replacement fund to the  
 21 state general fund, and the auditor of state shall issue a warrant to the  
 22 treasurer of state ordering the replacement of that amount.

23 SECTION 9. IC 6-1.1-21-5, AS AMENDED BY P.L.36-1994,  
 24 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JANUARY 1, 1999]: Sec. 5. (a) Each year the taxpayers of each county  
 26 shall receive a credit for property tax replacement in the amount of  
 27 ~~twenty~~ **sixty** percent (~~20%~~) (**60%**) of the tax liability (as defined in this  
 28 section) of each taxpayer for taxes which under IC 6-1.1-22-9 are due  
 29 and payable in May and November of that year. The credit shall be  
 30 applied to each installment of taxes. The dollar amount of the credit for  
 31 each taxpayer shall be determined by the county auditor, based on data  
 32 furnished by the state board of tax commissioners. The tax liability of  
 33 a taxpayer for the purpose of computing the credit for a particular year  
 34 shall be based upon the taxpayer's tax liability as is evidenced by the  
 35 tax duplicate for the taxes payable in that year, plus the amount by  
 36 which the tax payable by the taxpayer had been reduced due to the  
 37 application of county adjusted gross income tax revenues to the extent  
 38 the county adjusted gross income tax revenues were included in the  
 39 determination of the total county tax levy for that year as provided in  
 40 sections 2(g) and 3 of this chapter, adjusted, however, for any change  
 41 in assessed valuation which may have been made pursuant to a  
 42 post-abstract adjustment if the change is set forth on the tax statement

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1 or on a corrected tax statement stating the taxpayer's tax liability, as  
 2 prepared by the county treasurer in accordance with IC 6-1.1-22-8(a).  
 3 However, the tax liability of a taxpayer does not include the amount of  
 4 any property tax owed by the taxpayer that is attributable to that part of  
 5 any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C),  
 6 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), (2)(g)(1)(H), 2(g)(1)(I),  
 7 or 2(g)(1)(J) of this chapter in computing the total county tax levy.

8 (b) The credit for taxes payable in a particular year with respect to  
 9 mobile homes which are assessed under IC 6-1.1-7 is **twenty sixty**  
 10 percent (~~20%~~) (**60%**) of the taxes payable with respect to the  
 11 assessments plus the adjustments stated in this section.

12 (c) Each taxpayer in a taxing district that contains all or part of an  
 13 economic development district that meets the requirements of section  
 14 5.5 of this chapter is entitled to an additional credit for property tax  
 15 replacement. This credit is equal to the product of:

- 16 (1) the STEP TWO quotient determined under section 4(a)(3) of  
 17 this chapter for the taxing district; multiplied by  
 18 (2) the taxpayer's property taxes levied in the taxing district that  
 19 are allocated to a special fund under IC 6-1.1-39-5.

20 SECTION 10. IC 6-1.1-39-6 IS AMENDED TO READ AS  
 21 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 6. (a) An  
 22 economic development district may be enlarged by the fiscal body by  
 23 following the same procedure for the creation of an economic  
 24 development district specified in this chapter. Property taxes that are  
 25 attributable to the additional area and allocable to the economic  
 26 development district are not eligible for the property tax replacement  
 27 credit provided by IC 6-1.1-21-5. However, subject to subsection (c),  
 28 each taxpayer in an additional area is entitled to an additional credit for  
 29 property taxes that under IC 6-1.1-22-9 are due and payable in May and  
 30 November of that year. One-half (1/2) of the credit shall be applied to  
 31 each installment of property taxes. This credit equals the amount  
 32 determined under the following STEPS for each taxpayer in a taxing  
 33 district in a county that contains all or part of the additional area:

34 STEP ONE: Determine that part of the sum of the amounts under  
 35 IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) that is  
 36 attributable to the taxing district.

37 STEP TWO: Divide:

- 38 (A) that part of **twenty sixty** percent (~~20%~~) (**60%**) of the  
 39 county's total county tax levy payable that year as  
 40 determined under IC 6-1.1-21-4 that is attributable to the  
 41 taxing district; by  
 42 (B) the STEP ONE sum.



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- 1           STEP THREE: Multiply:
- 2           (A) the STEP TWO quotient; times
- 3           (B) the total amount of the taxpayer's property taxes levied
- 4           in the taxing district that would have been allocated to a
- 5           special fund under section 5 of this chapter had the
- 6           additional credit described in this section not been given.
- 7           The additional credit reduces the amount of proceeds allocated to the
- 8           economic development district and paid into a special fund under
- 9           section 5(a) of this chapter.
- 10          (b) If the additional credit under subsection (a) is not reduced
- 11          under subsection (c) or (d), the credit for property tax replacement
- 12          under IC 6-1.1-21-5 and the additional credit under subsection (a) shall
- 13          be computed on an aggregate basis for all taxpayers in a taxing district
- 14          that contains all or part of an additional area. The credit for property
- 15          tax replacement under IC 6-1.1-21-5 and the additional credit under
- 16          subsection (a) shall be combined on the tax statements sent to each
- 17          taxpayer.
- 18          (c) The county fiscal body may, by ordinance, provide that the
- 19          additional credit described in subsection (a):
- 20               (1) does not apply in a specified additional area; or
- 21               (2) is to be reduced by a uniform percentage for all taxpayers in
- 22               a specified additional area.
- 23          (d) Whenever the county fiscal body determines that granting the
- 24          full additional credit under subsection (a) would adversely affect the
- 25          interests of the holders of bonds or other contractual obligations that
- 26          are payable from allocated tax proceeds in that economic development
- 27          district in a way that would create a reasonable expectation that those
- 28          bonds or other contractual obligations would not be paid when due, the
- 29          county fiscal body must adopt an ordinance under subsection (c) to
- 30          deny the additional credit or reduce the additional credit to a level that
- 31          creates a reasonable expectation that the bonds or other obligations will
- 32          be paid when due. An ordinance adopted under subsection (c) denies
- 33          or reduces the additional credit for property taxes first due and payable
- 34          in any year following the year in which the ordinance is adopted.
- 35          (e) An ordinance adopted under subsection (c) remains in effect
- 36          until the ordinance is rescinded by the body that originally adopted the
- 37          ordinance. However, an ordinance may not be rescinded if the
- 38          rescission would adversely affect the interests of the holders of bonds
- 39          or other obligations that are payable from allocated tax proceeds in that
- 40          economic development district in a way that would create a reasonable
- 41          expectation that the principal of or interest on the bonds or other
- 42          obligations would not be paid when due. If an ordinance is rescinded

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1 and no other ordinance is adopted, the additional credit described in  
 2 subsection (a) applies to property taxes first due and payable in each  
 3 year following the year in which the resolution is rescinded.

4 SECTION 11. IC 6-2.5-2-2 IS AMENDED TO READ AS  
 5 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 2. (a) The state gross  
 6 retail tax is measured by the gross retail income received by a retail  
 7 merchant in a retail unitary transaction and is imposed at the following  
 8 rates:

9 STATE	GROSS RETAIL INCOME	
10 GROSS	FROM THE	
11 RETAIL	RETAIL UNITARY	
12 TAX	TRANSACTION	
13 \$ 0	less than	\$ .10
14 \$ .01	at least \$ .10; but less than	\$ .30
15 \$ .02	at least \$ .30; but less than	\$ .50
16 \$ .03	at least \$ .50; but less than	\$ .70
17 \$ .04	at least \$ .70; but less than	\$ .90
18 \$ .05	at least \$ .90; but less than	\$1.10
19 \$ 0	less than	\$ .09
20 \$ .01	at least \$ .09; but less than	\$ .25
21 \$ .02	at least \$ .25; but less than	\$ .42
22 \$ .03	at least \$ .42; but less than	\$ .59
23 \$ .04	at least \$ .59; but less than	\$ .75
24 \$ .05	at least \$ .75; but less than	\$ .92
25 \$ .06	at least \$ .92; but less than	\$1.09

26 On a retail unitary transaction in which the gross retail income received  
 27 by the retail merchant is one dollar and ~~ten nine~~ **nine** cents (~~\$1.10~~) (**\$1.09**)  
 28 or more, the state gross retail tax is ~~five six~~ **six** percent (~~5%~~) (**6%**) of that  
 29 gross retail income.

30 (b) If the tax, computed under subsection (a), results in a fraction  
 31 of one-half cent (\$.005) or more, the amount of the tax shall be rounded  
 32 to the next additional cent.

33 SECTION 12. IC 6-2.5-6-7 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 7. Except as otherwise  
 35 provided in IC 6-2.5-7 or in this chapter, a retail merchant shall pay to  
 36 the department, for a particular reporting period, an amount equal to  
 37 the product of:

- 38 (1) ~~five six~~ **six** percent (~~5%~~) (**6%**); multiplied by
- 39 (2) the retail merchant's total gross retail income from taxable
- 40 transactions made during the reporting period.

41 The amount determined under this section is the retail merchant's state  
 42 gross retail and use tax liability regardless of the amount of tax he

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1 actually collects.

2 SECTION 13. IC 6-2.5-6-8 IS AMENDED TO READ AS  
 3 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 8. (a) For purposes of  
 4 determining the amount of state gross retail and use taxes which he  
 5 must remit under section 7 of this chapter, a retail merchant may  
 6 exclude from his gross retail income from retail transactions made  
 7 during a particular reporting period, an amount equal to the product of:  
 8 (1) the amount of that gross retail income; multiplied by  
 9 (2) the retail merchant's "income exclusion ratio" for the tax year  
 10 which contains the reporting period.

11 (b) A retail merchant's "income exclusion ratio" for a particular tax  
 12 year equals a fraction, the numerator of which is the retail merchant's  
 13 estimated total gross retail income for the tax year from unitary retail  
 14 transactions which produce gross retail income of less than ~~ten nine~~  
 15 cents (~~\$.10~~) (**\$0.09**) each, and the denominator of which is the retail  
 16 merchant's estimated total gross retail income for the tax year from all  
 17 retail transactions.

18 (c) In order to minimize a retail merchant's recordkeeping  
 19 requirements, the department shall prescribe a procedure for  
 20 determining the retail merchant's income exclusion ratio for a tax year,  
 21 based on a period of time, not to exceed fifteen (15) consecutive days,  
 22 during the first quarter of the retail merchant's tax year. However, the  
 23 period of time may be changed if the change is requested by the retail  
 24 merchant because of his peculiar accounting procedures or marketing  
 25 factors. In addition, if a retail merchant has multiple sales locations or  
 26 diverse types of sales, the department shall permit the retail merchant  
 27 to determine the ratio on the basis of a representative sampling of the  
 28 locations and types of sales.

29 SECTION 14. IC 6-2.5-7-3 IS AMENDED TO READ AS  
 30 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. (a) With respect to  
 31 the sale of gasoline which is dispensed from a metered pump, a retail  
 32 merchant shall collect, for each unit of gasoline sold, state gross retail  
 33 tax in an amount equal to the product, rounded to the nearest one-tenth  
 34 of one cent (\$.001), of:

- 35 (i) **(1)** the price per unit before the addition of state and federal  
 36 taxes; multiplied by  
 37 (ii) ~~five~~ **(2) six** percent (~~5%~~) **(6%)**.

38 The retail merchant shall collect the state gross retail tax prescribed in  
 39 this section even if the transaction is exempt from taxation under  
 40 IC 6-2.5-5.

41 (b) With respect to the sale of special fuel which is dispensed from  
 42 a metered pump, unless the purchaser provides an exemption certificate

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1 in accordance with IC 6-2.5-8-8, a retail merchant shall collect, for  
 2 each unit of special fuel sold, state gross retail tax in an amount equal  
 3 to the product, rounded to the nearest one-tenth of one cent (\$.001), of:

- 4 (i) **(1)** the price per unit before the addition of state and federal  
 5 taxes; multiplied by  
 6 (ii) ~~five (2) six~~ percent ~~(5%): (6%)~~.

7 Unless the exemption certificate is provided, the retail merchant shall  
 8 collect the state gross retail tax prescribed in this section even if the  
 9 transaction is exempt from taxation under IC 6-2.5-5.

10 SECTION 15. IC 6-2.5-7-5 IS AMENDED TO READ AS  
 11 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 5. (a) Each retail  
 12 merchant who dispenses gasoline or special fuel from a metered pump  
 13 shall, in the manner prescribed in IC 6-2.5-6, report to the department  
 14 the following information:

- 15 (1) The total number of gallons of gasoline sold from a metered  
 16 pump during the period covered by the report.  
 17 (2) The total amount of money received from the sale of gasoline  
 18 described in subdivision (1) during the period covered by the  
 19 report.  
 20 (3) That portion of the amount described in subdivision (2)  
 21 which represents state and federal taxes imposed under IC 6-2.5,  
 22 IC 6-6-1.1, or Section 4081 of the Internal Revenue Code.  
 23 (4) The total number of gallons of special fuel sold from a  
 24 metered pump during the period covered by the report.  
 25 (5) The total amount of money received from the sale of special  
 26 fuel during the period covered by the report.  
 27 (6) That portion of the amount described in subdivision (5) that  
 28 represents state and federal taxes imposed under IC 6-2.5,  
 29 IC 6-6-2.5, or Section 4041 of the Internal Revenue Code.

30 (b) Concurrently with filing the report, the retail merchant shall  
 31 remit the state gross retail tax in an amount which equals ~~one~~  
 32 ~~twenty-first (1/21)~~ **five and sixty-six hundredths percent (5.66%)** of  
 33 the gross receipts, including state gross retail taxes but excluding  
 34 Indiana and federal gasoline and special fuel taxes, received by the  
 35 retail merchant from the sale of the gasoline and special fuel that is  
 36 covered by the report and on which the retail merchant was required to  
 37 collect state gross retail tax. The retail merchant shall remit that  
 38 amount regardless of the amount of state gross retail tax which he has  
 39 actually collected under this chapter. However, the retail merchant is  
 40 entitled to deduct and retain the amounts prescribed in subsection (c),  
 41 IC 6-2.5-6-10, and IC 6-2.5-6-11.

42 (c) A retail merchant is entitled to deduct from the amount of state

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1 gross retail tax required to be remitted under subsection (b) an amount  
2 equal to:

- 3 (1) the sum of the prepayment amounts made during the period  
4 covered by the retail merchant's report; minus  
5 (2) the sum of prepayment amounts collected by the retail  
6 merchant, in the merchant's capacity as a qualified distributor,  
7 during the period covered by the retail merchant's report.

8 For purposes of this section, a prepayment of the gross retail tax is  
9 presumed to occur on the date on which it is invoiced.

10 SECTION 16. IC 6-2.5-10-1 IS AMENDED TO READ AS  
11 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. (a) The department  
12 shall account for all state gross retail and use taxes that it collects.

13 (b) The department shall deposit those collections in the following  
14 manner:

- 15 (1) ~~Forty Fifty and fifty-nine thousandths~~ percent (~~40%~~)  
16 (**50.059%**) of the collections shall be paid into the property tax  
17 replacement fund established under IC 6-1.1-21.  
18 (2) ~~Fifty-nine and two-tenths~~ **Forty-nine and two hundred**  
19 **seventy-five thousandths** percent (~~59.2%~~) (**49.275%**) of the  
20 collections shall be paid into the state general fund.  
21 (3) ~~Seventy-six hundredths~~ **Six hundred thirty-three**  
22 **thousandths of one** percent (~~0.76%~~) (**0.633%**) of the collections  
23 shall be paid into the public mass transportation fund established  
24 by IC 8-23-3-8.  
25 (4) ~~Four hundredths of one~~ **Thirty-three thousandths** percent  
26 (~~0.04%~~) (**0.033%**) of the collections shall be deposited into the  
27 industrial rail service fund established under IC 8-3-1.7-2.

28 SECTION 17. IC 6-3-2-1 IS AMENDED TO READ AS  
29 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 1. (a) Each  
30 taxable year, a tax at the rate of ~~three four~~ and four-tenths percent  
31 (~~3.4%~~) (**4.4%**) of adjusted gross income is imposed upon the adjusted  
32 gross income of every resident person, and on that part of the adjusted  
33 gross income derived from sources within Indiana of every nonresident  
34 person.

35 (b) Each taxable year, a tax at the rate of ~~three four~~ and  
36 four-tenths percent (~~3.4%~~) (**4.4%**) of adjusted gross income is imposed  
37 on that part of the adjusted gross income derived from sources within  
38 Indiana of every corporation.

39 SECTION 18. IC 6-3-7-2.5 IS AMENDED TO READ AS  
40 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 2.5. (a) Revenues  
41 derived from the imposition and collection of the adjusted gross  
42 income tax (IC 6-3-1 through IC 6-3-7) shall be allocated ~~between~~ and



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1 deposited in the state general fund and the property tax replacement  
 2 fund (~~IC 6-1.1-21~~) in the manner prescribed by this section and section  
 3 of this chapter.

4 (b) With respect to each adjusted gross income tax payment  
 5 received from a corporation, the amount determined in STEP FOUR of  
 6 the following STEPS shall be allocated to and deposited in the state  
 7 general fund:

8 STEP ONE: Enter the adjusted gross income tax rate in effect for  
 9 the taxable year for which the payment is made.

10 STEP TWO: Subtract ~~three~~ **four** percent (~~3%~~) (**4%**) from the  
 11 rate entered under STEP ONE.

12 STEP THREE: Divide the remainder determined under STEP  
 13 TWO by three percent (3%).

14 STEP FOUR: Multiply the amount of the adjusted gross income  
 15 tax payment by the quotient determined under STEP THREE.

16 SECTION 19. IC 6-3-7-3 IS AMENDED TO READ AS  
 17 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 3. (a) All  
 18 revenues derived from collection of the adjusted gross income tax  
 19 imposed on corporations (except the tax revenues allocated under  
 20 section 2.5 of this chapter to the state general fund) shall be deposited  
 21 as follows:

22 (1) Ten million dollars (\$10,000,000) shall for each state fiscal  
 23 year be deposited in the state general fund.

24 (2) The balance of such revenues shall be deposited into the  
 25 property tax replacement fund.

26 (b) **Seventy-seven and twenty-seven hundredths percent**  
 27 **(77.27%) of all revenues derived from collection of the adjusted gross**  
 28 **income tax imposed on persons shall be deposited in the state general**  
 29 **fund. ~~Twenty-two and seventy-three hundredths percent (22.73%)~~**  
 30 **of all revenues derived from collection of the adjusted gross income**  
 31 **tax imposed on persons shall be deposited in the property tax**  
 32 **replacement fund.**

33 SECTION 20. IC 12-13-8-5 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 5. For taxes first due  
 35 and payable in each year after 1990, each county shall impose a  
 36 medical assistance property tax levy equal to the product of:

37 (1) the medical assistance property tax levy imposed for taxes  
 38 first due and payable in the preceding year; multiplied by

39 (2) the ~~statewide average assessed value growth quotient; using~~  
 40 ~~all the county assessed value growth quotients~~ **inflation index**  
 41 **determined under IC 6-1.1-18.5-2 for the year in which the tax**  
 42 **levy under this section will be first due and payable.**



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1 SECTION 21. IC 12-16-14-3 IS AMENDED TO READ AS  
 2 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. Each county shall  
 3 impose a hospital care for the indigent property tax levy equal to the  
 4 product of:

5 (1) the hospital care for the indigent property tax levy imposed  
 6 for taxes first due and payable in the preceding year; multiplied  
 7 by

8 (2) the statewide average assessed value growth quotient; using  
 9 all the county assessed value growth quotients **inflation index**  
 10 determined under IC 6-1.1-18.5-2 for the year in which the tax  
 11 levy under this section will be first due and payable.

12 SECTION 22. IC 12-19-7-4, AS ADDED BY P.L.36-1994,  
 13 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 14 JULY 1, 1998]: Sec. 4. (a) For taxes first due and payable in 1995; each  
 15 county must impose a county family and children property tax levy  
 16 equal to the amount determined using the following formula:

17 **STEP ONE:** Determine the sum of the amounts that were paid by  
 18 the county minus the amounts reimbursed by the state (including  
 19 reimbursements made with federal money); as determined by the  
 20 state board of accounts; in 1991; 1992; and 1993 for the  
 21 following:

22 (A) Payments for administrative expenses of the county  
 23 office of family and children in administering the provision  
 24 of child services:

25 (B) Payments for the services described in section † of this  
 26 chapter that were made on behalf of the children described  
 27 in section † of this chapter and for which payment was  
 28 made from the county welfare fund:

29 (C) Payment for the facilities; supplies; and equipment  
 30 needed for the provision of child services as operated by the  
 31 county office of family and children:

32 (D) Payment of all other expenses incurred in providing  
 33 child services that were paid by the county office of family  
 34 and children:

35 **STEP TWO:** Subtract from the amount determined in **STEP**  
 36 **ONE** the sum of the miscellaneous taxes that were allocated to:

37 (A) the county welfare administration fund and used to pay  
 38 expenses for administration; facilities; supplies; and  
 39 equipment for the provision of child services in 1991; 1992;  
 40 and 1993; and

41 (B) the county welfare fund; the county general fund; or the  
 42 county welfare loan fund (whichever of the funds applies)



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- 1 and used to pay the costs of providing child services in  
 2 1991, 1992, and 1993:
- 3 STEP THREE: Divide the amount determined in STEP TWO by  
 4 three (3):
- 5 STEP FOUR: Calculate the STEP ONE amount and the STEP  
 6 TWO amount for 1993 expenses only:
- 7 STEP FIVE: Adjust the amounts determined in STEP THREE  
 8 and STEP FOUR by the amount determined by the state board  
 9 of tax commissioners under subsection (c):
- 10 STEP SIX: Determine whether the amount calculated in STEP  
 11 THREE, as adjusted in STEP FIVE, or the amount calculated in  
 12 STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the  
 13 greater amount by the greater of:
- 14 (A) the assessed value growth quotient determined under  
 15 IC 6-1.1-18.5-2 for the county for property taxes first due  
 16 and payable in 1995; or
- 17 (B) the statewide average assessed value growth quotient  
 18 using the county assessed value growth quotients  
 19 determined under IC 6-1.1-18.5-2 for property taxes first  
 20 due and payable in 1995:
- 21 STEP SEVEN: Multiply the amount determined in STEP SIX by  
 22 the county's assessed value growth quotient for property taxes  
 23 first due and payable in 1995; as determined under  
 24 IC 6-1.1-18.5-2.
- 25 (b) (a) For taxes first due and payable in each year after 1995,  
 26 each county shall impose a county family and children property tax  
 27 levy equal to the product of:
- 28 (1) the county family and children property tax levy imposed for  
 29 taxes first due and payable in the preceding year; multiplied by  
 30 (2) the greater of:
- 31 (A) the county's assessed value growth quotient for the  
 32 ensuing calendar year; as **inflation index** determined under  
 33 IC 6-1.1-18.5-2. or
- 34 (B) one (1):
- 35 When a year in which a statewide general reassessment of real property  
 36 first becomes effective is the year preceding the year that the property  
 37 tax levy under this subsection will be first due and payable, the amount  
 38 to be used in subdivision (2) equals the average of the amounts used in  
 39 determining the two (2) most recent adjustments in the county's levy  
 40 under this section:
- 41 (c) For taxes first due and payable in 1995 and in 1996, the state  
 42 board of tax commissioners shall adjust the levy for each county to

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1 reflect the county's actual child services expenses incurred in providing  
 2 child services in 1991, 1992, and 1993. In making this adjustment, the  
 3 state board of tax commissioners may consider all relevant information;  
 4 including the county's use of bond and loan proceeds to pay these  
 5 expenses.

6 (d) (b) The state board of tax commissioners shall review each  
 7 county's property tax levy under this section and shall enforce the  
 8 requirements of this section with respect to that levy.

9 SECTION 23. IC 16-35-3-3 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 3. (a) For taxes first  
 11 due and payable in 1992, each county must impose a children with  
 12 special health care needs property tax levy equal to the amount  
 13 determined using the following formula:

14 STEP ONE: Determine the sum of the amounts that were paid by  
 15 the county minus the amounts reimbursed by the state (including  
 16 reimbursements made with federal money); as determined by the  
 17 state board of accounts, in 1988, 1989, and 1990 for the  
 18 following:

19 (A) Payments for administrative expenses of the county  
 20 office of family and children in the administration of the  
 21 children with special health care needs program.

22 (B) Payment for the facilities, supplies, and equipment  
 23 needed for the children with special health care needs  
 24 program as operated by the county office of family and  
 25 children.

26 (C) Payment of all other expenses under the children with  
 27 special health care needs program that were paid by the  
 28 county office of family and children.

29 STEP TWO: Subtract from the amount determined in STEP  
 30 ONE the sum of the miscellaneous taxes that were allocated to:

31 (A) the county welfare administration fund and used to pay  
 32 expenses for administration, facilities, supplies, and  
 33 equipment for the children with special health care needs  
 34 program in 1988, 1989, and 1990; and

35 (B) the county welfare fund and used to pay all other costs  
 36 of the children with special health care needs program in  
 37 1988, 1989, and 1990.

38 STEP THREE: Divide the amount determined in STEP TWO by  
 39 three (3).

40 STEP FOUR: Calculate the STEP ONE amount and the STEP  
 41 TWO amount for 1990 expenses only.

42 STEP FIVE: Adjust the amounts determined in STEP THREE



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1 and STEP FOUR by the amount determined by the state board  
2 of tax commissioners under subsection (c):

3 STEP SIX: Determine whether the amount calculated in STEP  
4 THREE, as adjusted in STEP FIVE; or the amount calculated in  
5 STEP FOUR, as adjusted in STEP FIVE; is greater. Multiply the  
6 greater amount by the greater of:

7 (A) the assessed value growth quotient determined under  
8 IC 6-1.1-18.5-2 for the county for property taxes first due  
9 and payable in 1992; or

10 (B) the statewide average assessed value growth quotient  
11 using the county assessed value growth quotients  
12 determined under IC 6-1.1-18.5-2 for property taxes first  
13 due and payable in 1992.

14 STEP SEVEN: Multiply the amount determined in STEP SIX by  
15 the county's assessed value growth quotient for property taxes  
16 first due and payable in 1992, as determined under  
17 IC 6-1.1-18.5-2:

18 (b) (a) For taxes first due and payable in each year after 1992,  
19 each county shall impose a children with special health care needs  
20 property tax levy equal to the product of:

21 (1) the children with special health care needs property tax levy  
22 imposed for taxes first due and payable in the preceding year;  
23 multiplied by

24 (2) the greater of:

25 (A) the county's assessed value growth quotient for the  
26 ensuing calendar year; as **inflation index** determined under  
27 IC 6-1.1-18.5-2. or

28 (B) one (1).

29 When a year in which a statewide general reassessment of real property  
30 first becomes effective is the year preceding the year that the property  
31 tax levy under this subsection will be first due and payable; the amount  
32 to be used in subdivision (2) equals the average of the amounts used in  
33 determining the two (2) most recent adjustments in the county's levy  
34 under this section:

35 (c) For taxes first due and payable in 1992 and in 1993; the state  
36 board of tax commissioners shall adjust the levy for each county to  
37 reflect the county's actual welfare expenses for administration;  
38 facilities; supplies; equipment; and all other costs for the children with  
39 special health care needs program in 1988; 1989; and 1990. In making  
40 this adjustment; the state board of tax commissioners may consider all  
41 relevant information. This includes the county's use of bond and loan  
42 proceeds to pay these expenses.



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1            ~~(d)~~ **(b)** The state board of tax commissioners shall review each  
2 county's property tax levy under this section and shall enforce the  
3 requirements of this section with respect to that levy.

4            SECTION 24. IC 36-7-14-39, AS AMENDED BY  
5 P.L.255-1997(ss), SECTION 15, IS AMENDED TO READ AS  
6 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 39. (a) As used  
7 in this section:

8            "Allocation area" means that part of a blighted area to which an  
9 allocation provision of a declaratory resolution adopted under section  
10 15 of this chapter refers for purposes of distribution and allocation of  
11 property taxes.

12            "Base assessed value" means the following:

13            (1) If an allocation provision is adopted after June 30, 1995, in  
14 a declaratory resolution or an amendment to a declaratory  
15 resolution establishing an economic development area:

16            (A) the net assessed value of all the property as finally  
17 determined for the assessment date immediately preceding  
18 the effective date of the allocation provision of the  
19 declaratory resolution, as adjusted under subsection (h);  
20 plus

21            (B) to the extent that it is not included in clause (A), the net  
22 assessed value of property that is assessed as residential  
23 property under the rules of the state board of tax  
24 commissioners, as finally determined for any assessment  
25 date after the effective date of the allocation provision.

26            (2) If an allocation provision is adopted after June 30, 1997, in  
27 a declaratory resolution or an amendment to a declaratory  
28 resolution establishing a blighted area:

29            (A) the net assessed value of all the property as finally  
30 determined for the assessment date immediately preceding  
31 the effective date of the allocation provision of the  
32 declaratory resolution, as adjusted under subsection (h);  
33 plus

34            (B) to the extent that it is not included in clause (A), the net  
35 assessed value of property that is assessed as residential  
36 property under the rules of the state board of tax  
37 commissioners, as finally determined for any assessment  
38 date after the effective date of the allocation provision.

39            (3) If:

40            (A) an allocation provision adopted before June 30, 1995,  
41 in a declaratory resolution or an amendment to a declaratory  
42 resolution establishing a blighted area expires after June 30,

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- 1                   1997; and
- 2                   (B) after June 30, 1997, a new allocation provision is
- 3                   included in an amendment to the declaratory resolution;
- 4                   the net assessed value of all the property as finally determined
- 5                   for the assessment date immediately preceding the effective date
- 6                   of the allocation provision adopted after June 30, 1997, as
- 7                   adjusted under subsection (h).
- 8                   (4) Except as provided in subdivision (5), for all other allocation
- 9                   areas, the net assessed value of all the property as finally
- 10                  determined for the assessment date immediately preceding the
- 11                  effective date of the allocation provision of the declaratory
- 12                  resolution, as adjusted under subsection (h).
- 13                  (5) If an allocation area established in an economic development
- 14                  area before July 1, 1995, is expanded after June 30, 1995, the
- 15                  definition in subdivision (1) applies to the expanded portion of
- 16                  the area added after June 30, 1995.
- 17                  (6) If an allocation area established in a blighted area before July
- 18                  1, 1997, is expanded after June 30, 1997, the definition in
- 19                  subdivision (2) applies to the expanded portion of the area added
- 20                  after June 30, 1997.

21                  Except as provided in section 39.3 of this chapter, "property taxes"

22                  means taxes imposed under IC 6-1.1 on real property. However, upon

23                  approval by a resolution of the redevelopment commission adopted

24                  before June 1, 1987, "property taxes" also includes taxes imposed

25                  under IC 6-1.1 on depreciable personal property. If a redevelopment

26                  commission adopted before June 1, 1987, a resolution to include within

27                  the definition of property taxes taxes imposed under IC 6-1.1 on

28                  depreciable personal property that has a useful life in excess of eight

29                  (8) years, the commission may by resolution determine the percentage

30                  of taxes imposed under IC 6-1.1 on all depreciable personal property

31                  that will be included within the definition of property taxes. However,

32                  the percentage included must not exceed twenty-five percent (25%) of

33                  the taxes imposed under IC 6-1.1 on all depreciable personal property.

34                  (b) A declaratory resolution adopted under section 15 of this

35                  chapter before January 1, 2006, may include a provision with respect

36                  to the allocation and distribution of property taxes for the purposes and

37                  in the manner provided in this section. A declaratory resolution

38                  previously adopted may include an allocation provision by the

39                  amendment of that declaratory resolution before January 1, 2006, in

40                  accordance with the procedures required for its original adoption. A

41                  declaratory resolution or an amendment that establishes an allocation

42                  provision after June 30, 1995, must specify an expiration date for the

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1 allocation provision that may not be more than thirty (30) years after  
 2 the date on which the allocation provision is established. However, if  
 3 bonds or other obligations that were scheduled when issued to mature  
 4 before the specified expiration date and that are payable only from  
 5 allocated tax proceeds with respect to the allocation area remain  
 6 outstanding as of the expiration date, the allocation provision does not  
 7 expire until all of the bonds or other obligations are no longer  
 8 outstanding. The allocation provision may apply to all or part of the  
 9 blighted area. The allocation provision must require that any property  
 10 taxes subsequently levied by or for the benefit of any public body  
 11 entitled to a distribution of property taxes on taxable property in the  
 12 allocation area be allocated and distributed as follows:

13 (1) Except as otherwise provided in this section, the proceeds of  
 14 the taxes attributable to the lesser of:

15 (A) the assessed value of the property for the assessment  
 16 date with respect to which the allocation and distribution is  
 17 made; or

18 (B) the base assessed value;

19 shall be allocated to and, when collected, paid into the funds of  
 20 the respective taxing units.

21 (2) Except as otherwise provided in this section, property tax  
 22 proceeds in excess of those described in subdivision (1) shall be  
 23 allocated to the redevelopment district and, when collected, paid  
 24 into an allocation fund for that allocation area that may be used  
 25 by the redevelopment district only to do one (1) or more of the  
 26 following:

27 (A) Pay the principal of and interest on any obligations  
 28 payable solely from allocated tax proceeds which are  
 29 incurred by the redevelopment district for the purpose of  
 30 financing or refinancing the redevelopment of that  
 31 allocation area.

32 (B) Establish, augment, or restore the debt service reserve  
 33 for bonds payable solely or in part from allocated tax  
 34 proceeds in that allocation area.

35 (C) Pay the principal of and interest on bonds payable from  
 36 allocated tax proceeds in that allocation area and from the  
 37 special tax levied under section 27 of this chapter.

38 (D) Pay the principal of and interest on bonds issued by the  
 39 unit to pay for local public improvements in or serving that  
 40 allocation area.

41 (E) Pay premiums on the redemption before maturity of  
 42 bonds payable solely or in part from allocated tax proceeds

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in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) in or serving that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in or serving that allocation area under any lease entered into under IC 36-1-10.

(I) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of ~~twenty~~ **sixty** percent (~~20%~~) (**60%**) of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; times
- (B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and

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other items described in section 25.1(a) of this chapter.  
(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:  
(i) in the allocation area; and  
(ii) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the commission.

(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

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- 1 (2) the base assessed value.
- 2 (d) Property tax proceeds allocable to the redevelopment district  
3 under subsection (b)(2) may, subject to subsection (b)(3), be  
4 irrevocably pledged by the redevelopment district for payment as set  
5 forth in subsection (b)(2).
- 6 (e) Notwithstanding any other law, each assessor shall, upon  
7 petition of the redevelopment commission, reassess the taxable  
8 property situated upon or in, or added to, the allocation area, effective  
9 on the next assessment date after the petition.
- 10 (f) Notwithstanding any other law, the assessed value of all taxable  
11 property in the allocation area, for purposes of tax limitation, property  
12 tax replacement, and formulation of the budget, tax rate, and tax levy  
13 for each political subdivision in which the property is located is the  
14 lesser of:
- 15 (1) the assessed value of the property as valued without regard  
16 to this section; or
- 17 (2) the base assessed value.
- 18 (g) If any part of the allocation area is located in an enterprise zone  
19 created under IC 4-4-6.1, the unit that designated the allocation area  
20 shall create funds as specified in this subsection. A unit that has  
21 obligations, bonds, or leases payable from allocated tax proceeds under  
22 subsection (b)(2) shall establish an allocation fund for the purposes  
23 specified in subsection (b)(2) and a special zone fund. Such a unit  
24 shall, until the end of the enterprise zone phase out period, deposit each  
25 year in the special zone fund any amount in the allocation fund derived  
26 from property tax proceeds in excess of those described in subsection  
27 (b)(1) from property located in the enterprise zone that exceeds the  
28 amount sufficient for the purposes specified in subsection (b)(2) for the  
29 year. The amount sufficient for purposes specified in subsection (b)(2)  
30 for the year shall be determined based on the pro rata portion of such  
31 current property tax proceeds from the portion of the enterprise zone  
32 that is within the allocation area as compared to all such current  
33 property tax proceeds derived from the allocation area. A unit that has  
34 no obligations, bonds, or leases payable from allocated tax proceeds  
35 under subsection (b)(2) shall establish a special zone fund and deposit  
36 all the property tax proceeds in excess of those described in subsection  
37 (b)(1) in the fund derived from property tax proceeds in excess of those  
38 described in subsection (b)(1) from property located in the enterprise  
39 zone. The unit that creates the special zone fund shall use the fund  
40 (based on the recommendations of the urban enterprise association) for  
41 programs in job training, job enrichment, and basic skill development  
42 that are designed to benefit residents and employers in the enterprise

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1 zone or other purposes specified in subsection (b)(2), except that where  
 2 reference is made in subsection (b)(2) to allocation area it shall refer  
 3 for purposes of payments from the special zone fund only to that  
 4 portion of the allocation area that is also located in the enterprise zone.  
 5 Those programs shall reserve at least one-half (1/2) of their enrollment  
 6 in any session for residents of the enterprise zone.

7 (h) The state board of accounts and state board of tax  
 8 commissioners shall make the rules and prescribe the forms and  
 9 procedures that they consider expedient for the implementation of this  
 10 chapter. After each general reassessment under IC 6-1.1-4, the state  
 11 board of tax commissioners shall adjust the base assessed value one (1)  
 12 time to neutralize any effect of the general reassessment on the  
 13 property tax proceeds allocated to the redevelopment district under this  
 14 section. However, the adjustment may not include the effect of property  
 15 tax abatements under IC 6-1.1-12.1, and the adjustment may not  
 16 produce less property tax proceeds allocable to the redevelopment  
 17 district under subsection (b)(2) than would otherwise have been  
 18 received if the general reassessment had not occurred. The state board  
 19 of tax commissioners may prescribe procedures for county and  
 20 township officials to follow to assist the state board in making the  
 21 adjustments.

22 SECTION 25. IC 36-7-14-39.5, AS AMENDED BY  
 23 P.L.323-1995, SECTION 1, IS AMENDED TO READ AS FOLLOWS  
 24 [EFFECTIVE JANUARY 1, 1999]: Sec. 39.5. (a) As used in this  
 25 section, "allocation area" has the meaning set forth in section 39 of this  
 26 chapter.

27 (b) As used in this section, "taxing district" has the meaning set  
 28 forth in IC 6-1.1-1-20.

29 (c) Subject to subsection (e), each taxpayer in an allocation area  
 30 is entitled to an additional credit for property taxes that under  
 31 IC 6-1.1-22-9 are due and payable in May and November of that year.  
 32 One-half (1/2) of the credit shall be applied to each installment of  
 33 property taxes. This credit equals the amount determined under the  
 34 following STEPS for each taxpayer in a taxing district that contains all  
 35 or part of the allocation area:

36 STEP ONE: Determine that part of the sum of the amounts under  
 37 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),  
 38 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable  
 39 to the taxing district.

40 STEP TWO: Divide:

41 (A) that part of ~~twenty six~~ percent (~~20%~~) (**60%**) of each  
 42 county's total county tax levy payable that year as

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1 determined under IC 6-1.1-21-4 that is attributable to the  
2 taxing district; by

3 (B) the STEP ONE sum.

4 STEP THREE: Multiply:

5 (A) the STEP TWO quotient; times

6 (B) the total amount of the taxpayer's property taxes levied  
7 in the taxing district that would have been allocated to an  
8 allocation fund under section 39 of this chapter had the  
9 additional credit described in this section not been given.

10 The additional credit reduces the amount of proceeds allocated to the  
11 redevelopment district and paid into an allocation fund under section  
12 39(b)(2) of this chapter.

13 (d) If the additional credit under subsection (c) is not reduced  
14 under subsection (e) or (f), the credit for property tax replacement  
15 under IC 6-1.1-21-5 and the additional credit under subsection (c) shall  
16 be computed on an aggregate basis for all taxpayers in a taxing district  
17 that contains all or part of an allocation area. The credit for property tax  
18 replacement under IC 6-1.1-21-5 and the additional credit under  
19 subsection (c) shall be combined on the tax statements sent to each  
20 taxpayer.

21 (e) Upon the recommendation of the redevelopment commission,  
22 the municipal legislative body (in the case of a redevelopment  
23 commission established by a municipality) or the county executive (in  
24 the case of a redevelopment commission established by a county) may,  
25 by resolution, provide that the additional credit described in subsection  
26 (c):

27 (1) does not apply in a specified allocation area; or

28 (2) is to be reduced by a uniform percentage for all taxpayers in  
29 a specified allocation area.

30 (f) Whenever the municipal legislative body or county executive  
31 determines that granting the full additional credit under subsection (c)  
32 would adversely affect the interests of the holders of bonds or other  
33 contractual obligations that are payable from allocated tax proceeds in  
34 that allocation area in a way that would create a reasonable expectation  
35 that those bonds or other contractual obligations would not be paid  
36 when due, the municipal legislative body or county executive must  
37 adopt a resolution under subsection (e) to deny the additional credit or  
38 reduce it to a level that creates a reasonable expectation that the bonds  
39 or other obligations will be paid when due. A resolution adopted under  
40 subsection (e) denies or reduces the additional credit for property taxes  
41 first due and payable in the allocation area in any year following the  
42 year in which the resolution is adopted.

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1 (g) A resolution adopted under subsection (e) remains in effect  
 2 until it is rescinded by the body that originally adopted it. However, a  
 3 resolution may not be rescinded if the rescission would adversely affect  
 4 the interests of the holders of bonds or other obligations that are  
 5 payable from allocated tax proceeds in that allocation area in a way that  
 6 would create a reasonable expectation that the principal of or interest  
 7 on the bonds or other obligations would not be paid when due. If a  
 8 resolution is rescinded and no other resolution is adopted, the  
 9 additional credit described in subsection (c) applies to property taxes  
 10 first due and payable in the allocation area in each year following the  
 11 year in which the resolution is rescinded.

12 SECTION 26. IC 36-7-14.5-12.5, AS AMENDED BY  
 13 P.L.49-1997, SECTION 78, AND P.L.255-1997(ss), SECTION 16, IS  
 14 CORRECTED AND IS AMENDED TO READ AS FOLLOWS  
 15 [EFFECTIVE JANUARY 1, 1999]: Sec. 12.5. (a) This section applies  
 16 only to an authority in a county having a United States government  
 17 military base that is scheduled for closing or is completely or partially  
 18 inactive or closed.

19 (b) In order to accomplish the purposes set forth in section 11(b)  
 20 of this chapter, an authority may create an economic development area:

- 21 (1) by following the procedures set forth in IC 36-7-14-41 for the  
 22 establishment of an economic development area by a  
 23 redevelopment commission; and  
 24 (2) with the same effect as if the economic development area  
 25 was created by a redevelopment commission.

26 However, an authority may not include in an economic development  
 27 area created under this section any area that was declared a blighted  
 28 area, an urban renewal area, or an economic development area under  
 29 IC 36-7-14.

30 (c) In order to accomplish the purposes set forth in section 11(b)  
 31 of this chapter, an authority may do the following in a manner that  
 32 serves an economic development area created under this section:

- 33 (1) Acquire by purchase, exchange, gift, grant, condemnation, or  
 34 lease, or any combination of methods, any personal property or  
 35 interest in real property needed for the redevelopment of  
 36 economic development areas located within the corporate  
 37 boundaries of the unit.  
 38 (2) Hold, use, sell (by conveyance by deed, land sale contract, or  
 39 other instrument), exchange, lease, rent, or otherwise dispose of  
 40 property acquired for use in the redevelopment of economic  
 41 development areas on the terms and conditions that the authority  
 42 considers best for the unit and the unit's inhabitants.



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- 1 (3) Sell, lease, or grant interests in all or part of the real property  
2 acquired for redevelopment purposes to any other department of  
3 the unit or to any other governmental agency for public ways,  
4 levees, sewerage, parks, playgrounds, schools, and other public  
5 purposes on any terms that may be agreed on.  
6 (4) Clear real property acquired for redevelopment purposes.  
7 (5) Repair and maintain structures acquired for redevelopment  
8 purposes.  
9 (6) Remodel, rebuild, enlarge, or make major structural  
10 improvements on structures acquired for redevelopment  
11 purposes.  
12 (7) Survey or examine any land to determine whether the land  
13 should be included within an economic development area to be  
14 acquired for redevelopment purposes and to determine the value  
15 of that land.  
16 (8) Appear before any other department or agency of the unit, or  
17 before any other governmental agency in respect to any matter  
18 affecting:  
19 (A) real property acquired or being acquired for  
20 redevelopment purposes; or  
21 (B) any economic development area within the jurisdiction  
22 of the authority.  
23 (9) Institute or defend in the name of the unit any civil action,  
24 but all actions against the authority must be brought in the circuit  
25 or superior court of the county where the authority is located.  
26 (10) Use any legal or equitable remedy that is necessary or  
27 considered proper to protect and enforce the rights of and  
28 perform the duties of the authority.  
29 (11) Exercise the power of eminent domain in the name of and  
30 within the corporate boundaries of the unit subject to the same  
31 conditions and procedures that apply to the exercise of the power  
32 of eminent domain by a redevelopment commission under  
33 IC 36-7-14.  
34 (12) Appoint an executive director, appraisers, real estate  
35 experts, engineers, architects, surveyors, and attorneys.  
36 (13) Appoint clerks, guards, laborers, and other employees the  
37 authority considers advisable, except that those appointments  
38 must be made in accordance with the merit system of the unit if  
39 such a system exists.  
40 (14) Prescribe the duties and regulate the compensation of  
41 employees of the authority.  
42 (15) Provide a pension and retirement system for employees of

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- 1 the authority by using the public employees' retirement fund or  
 2 a retirement plan approved by the United States Department of  
 3 Housing and Urban Development.
- 4 (16) Discharge and appoint successors to employees of the  
 5 authority subject to subdivision (13).
- 6 (17) Rent offices for use of the department or authority, or accept  
 7 the use of offices furnished by the unit.
- 8 (18) Equip the offices of the authority with the necessary  
 9 furniture, furnishings, equipment, records, and supplies.
- 10 (19) Design, order, contract for, and construct, reconstruct,  
 11 improve, or renovate the following:
- 12 (A) Any local public improvement or structure that is  
 13 necessary for redevelopment purposes or economic  
 14 development within the corporate boundaries of the unit.
- 15 (B) Any structure that enhances development or economic  
 16 development.
- 17 (20) Contract for the construction, extension, or improvement of  
 18 pedestrian skyways (as defined in IC 36-7-14-12.2(c)).
- 19 (21) Accept loans, grants, and other forms of financial assistance  
 20 from, or contract with, the federal government, the state  
 21 government, a municipal corporation, a special taxing district, a  
 22 foundation, or any other source.
- 23 (22) Make and enter into all contracts and agreements necessary  
 24 or incidental to the performance of the duties of the authority and  
 25 the execution of the powers of the authority under this chapter.
- 26 (23) Take any action necessary to implement the purpose of the  
 27 authority.
- 28 (24) Provide financial assistance, in the manner that best serves  
 29 the purposes set forth in section 11(b) of this chapter, including  
 30 grants and loans, to enable private enterprise to develop,  
 31 redevelop, and reuse military base property or otherwise enable  
 32 private enterprise to provide social and economic benefits to the  
 33 citizens of the unit.
- 34 (d) An authority may designate all or a portion of an economic  
 35 development area created under this section as an allocation area by  
 36 following the procedures set forth in IC 36-7-14-39 for the  
 37 establishment of an allocation area by a redevelopment commission.  
 38 The allocation provision may modify the definition of "property taxes"  
 39 under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the  
 40 depreciable personal property located and taxable on the site of  
 41 operations of designated taxpayers in accordance with the procedures  
 42 applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3

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1 applies to such a modification. An allocation area established by an  
 2 authority under this section is a special taxing district authorized by the  
 3 general assembly to enable the unit to provide special benefits to  
 4 taxpayers in the allocation area by promoting economic development  
 5 that is of public use and benefit. *For allocation areas established for*  
 6 *an economic development area created under this section after June*  
 7 *30, 1997, and to the expanded portion of an allocation area for an*  
 8 *economic development area that was established before June 30, 1997,*  
 9 *and that is expanded under this section after June 30, 1997, the net*  
 10 *assessed value of property that is assessed as residential property*  
 11 *under the rules of the state board of tax commissioners, as finally*  
 12 *determined for any assessment date, must be allocated. All of the*  
 13 *provisions of IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5*  
 14 *apply to an allocation area created under this section, except that the*  
 15 *authority shall be vested with the rights and duties of a commission as*  
 16 *referenced in those sections, and except that, notwithstanding*  
 17 *IC 36-7-14-39(b)(2), property tax proceeds paid into the allocation*  
 18 *fund may be used by the authority only to do one (1) or more of the*  
 19 *following:*

20 (1) Pay the principal of and interest and redemption premium on  
 21 any obligations incurred by the special taxing district or any  
 22 other entity for the purpose of financing or refinancing military  
 23 base reuse activities in or serving or benefitting that allocation  
 24 area.

25 (2) Establish, augment, or restore the debt service reserve for  
 26 obligations payable solely or in part from allocated tax proceeds  
 27 in that allocation area or from other revenues of the authority  
 28 (including lease rental revenues).

29 (3) Make payments on leases payable solely or in part from  
 30 allocated tax proceeds in that allocation area.

31 (4) Reimburse any other governmental body for expenditures  
 32 made by it for local public improvements or structures in or  
 33 serving or benefitting that allocation area.

34 (5) Pay all or a portion of a property tax replacement credit to  
 35 taxpayers in an allocation area as determined by the authority.  
 36 This credit equals the amount determined under the following  
 37 STEPS for each taxpayer in a taxing district (as defined in  
 38 IC 6-1.1-1-20) that contains all or part of the allocation area:

39 STEP ONE: Determine that part of the sum of the amounts  
 40 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),  
 41 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and  
 42 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.



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- 1 STEP TWO: Divide:
- 2 (A) that part of the ~~twenty six~~ percent (~~20%~~) (**60%**)
- 3 of each county's total county tax levy payable that year
- 4 as determined under IC 6-1.1-21-4 that is attributable
- 5 to the taxing district; by
- 6 (B) the STEP ONE sum.
- 7 STEP THREE: Multiply:
- 8 (A) the STEP TWO quotient; by
- 9 (B) the total amount of the taxpayer's property taxes
- 10 levied in the taxing district that have been allocated
- 11 during that year to an allocation fund under this
- 12 section.
- 13 If not all the taxpayers in an allocation area receive the credit in
- 14 full, each taxpayer in the allocation area is entitled to receive the
- 15 same proportion of the credit. A taxpayer may not receive a
- 16 credit under this section and a credit under IC 36-7-14-39.5 in
- 17 the same year.
- 18 (6) Pay expenses incurred by the authority for local public
- 19 improvements or structures that are in the allocation area or
- 20 serving or *benefitting* *benefiting* the allocation area.
- 21 (7) Reimburse public and private entities for expenses incurred
- 22 in training employees of industrial facilities that are located:
- 23 (A) in the allocation area; and
- 24 (B) on a parcel of real property that has been classified as
- 25 industrial property under the rules of the state board of tax
- 26 commissioners.
- 27 However, the total amount of money spent for this purpose in
- 28 any year may not exceed the total amount of money in the
- 29 allocation fund that is attributable to property taxes paid by the
- 30 industrial facilities described in clause (B). The reimbursements
- 31 under this subdivision must be made within three (3) years after
- 32 the date on which the investments that are the basis for the
- 33 increment financing are made. The allocation fund may not be
- 34 used for operating expenses of the authority.
- 35 (e) In addition to other methods of raising money for property
- 36 acquisition, redevelopment, or economic development activities in or
- 37 directly serving or benefitting an economic development area created
- 38 by an authority under this section, and in anticipation of the taxes
- 39 allocated under subsection (d), other revenues of the authority, or any
- 40 combination of these sources, the authority may, by resolution, issue
- 41 the bonds of the special taxing district in the name of the unit. Bonds
- 42 issued under this section may be issued in any amount without

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- 1 limitation. The following apply if such a resolution is adopted:
- 2 (1) The authority shall certify a copy of the resolution
- 3 authorizing the bonds to the municipal or county fiscal officer,
- 4 who shall then prepare the bonds. The seal of the unit must be
- 5 impressed on the bonds, or a facsimile of the seal must be
- 6 printed on the bonds.
- 7 (2) The bonds must be executed by the appropriate officer of the
- 8 unit and attested by the unit's fiscal officer.
- 9 (3) The bonds are exempt from taxation for all purposes.
- 10 (4) Bonds issued under this section may be sold at public sale in
- 11 accordance with IC 5-1-11 or at a negotiated sale.
- 12 (5) The bonds are not a corporate obligation of the unit but are
- 13 an indebtedness of the taxing district. The bonds and interest are
- 14 payable, as set forth in the bond resolution of the authority:
- 15 (A) from the tax proceeds allocated under subsection (d);
- 16 (B) from other revenues available to the authority; or
- 17 (C) from a combination of the methods stated in clauses (A)
- 18 and (B).
- 19 (6) Proceeds from the sale of bonds may be used to pay the cost
- 20 of interest on the bonds for a period not to exceed five (5) years
- 21 from the date of issuance.
- 22 (7) Laws relating to the filing of petitions requesting the issuance
- 23 of bonds and the right of taxpayers to remonstrate against the
- 24 issuance of bonds do not apply to bonds issued under this
- 25 section.
- 26 (8) If a debt service reserve is created from the proceeds of
- 27 bonds, the debt service reserve may be used to pay principal and
- 28 interest on the bonds as provided in the bond resolution.
- 29 (9) If bonds are issued under this chapter that are payable solely
- 30 or in part from revenues to the authority from a project or
- 31 projects, the authority may adopt a resolution or trust indenture
- 32 or enter into covenants as is customary in the issuance of
- 33 revenue bonds. The resolution or trust indenture may pledge or
- 34 assign the revenues from the project or projects. The resolution
- 35 or trust indenture may also contain any provisions for protecting
- 36 and enforcing the rights and remedies of the bond owners as may
- 37 be reasonable and proper and not in violation of law, including
- 38 covenants setting forth the duties of the authority. The authority
- 39 may establish fees and charges for the use of any project and
- 40 covenant with the owners of any bonds to set those fees and
- 41 charges at a rate sufficient to protect the interest of the owners
- 42 of the bonds. Any revenue bonds issued by the authority that are

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1 payable solely from revenues of the authority shall contain a  
2 statement to that effect in the form of bond.

3 (f) Notwithstanding section 8(a) of this chapter, an ordinance  
4 adopted under section 11(b) of this chapter may provide, or be  
5 amended to provide, that the board of directors of the authority shall be  
6 composed of not fewer than three (3) nor more than seven (7)  
7 members, who must be residents of the unit appointed by the executive  
8 of the unit.

9 (g) The acquisition of real and personal property by an authority  
10 under this section is not subject to the provisions of ~~IC 36-1-9~~, IC 5-22,  
11 IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the  
12 purchase of property by public bodies or their agencies.

13 (h) An authority may negotiate for the sale, lease, or other  
14 disposition of real and personal property without complying with the  
15 provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other  
16 statute governing the disposition of public property.

17 (i) Notwithstanding any other law, utility services provided within  
18 an economic development area established under this section are  
19 subject to regulation by the appropriate regulatory agencies unless the  
20 utility service is provided by a utility that provides utility service solely  
21 within the geographic boundaries of an existing or a closed military  
22 installation, in which case the utility service is not subject to regulation  
23 for purposes of rate making, regulation, service delivery, or issuance of  
24 bonds or other forms of indebtedness. However, this exemption from  
25 regulation does not apply to utility service if the service is generated,  
26 treated, or produced outside the boundaries of the existing or closed  
27 military installation.

28 SECTION 27. IC 36-7-15.1-26.5 IS AMENDED TO READ AS  
29 FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 26.5. (a) As used  
30 in this section, "adverse determination" means a determination by the  
31 fiscal officer of the consolidated city that the granting of credits  
32 described in subsection (g) or (h) would impair any contract with or  
33 otherwise adversely affect the owners of outstanding bonds payable  
34 from the allocation area special fund.

35 (b) As used in this section, "allocation area" has the meaning set  
36 forth in section 26 of this chapter.

37 (c) As used in this section, "special fund" refers to the special fund  
38 into which property taxes are paid under section 26 of this chapter.

39 (d) As used in this section, "taxing district" has the meaning set  
40 forth in IC 6-1.1-1-20.

41 (e) Except as provided in subsections (g), (h), and (i), each  
42 taxpayer in an allocation area is entitled to an additional credit for

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1 property taxes that, under IC 6-1.1-22-9, are due and payable in May  
 2 and November of that year. One-half (1/2) of the credit shall be applied  
 3 to each installment of property taxes. This credit equals the amount  
 4 determined under the following STEPS for each taxpayer in a taxing  
 5 district that contains all or part of the allocation area:

6 STEP ONE: Determine that part of the sum of the amounts under  
 7 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),  
 8 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable  
 9 to the taxing district.

10 STEP TWO: Divide:

11 (A) that part of ~~twenty six~~ **sixty** percent (~~20%~~) (**60%**) of each  
 12 county's total county tax levy payable that year as  
 13 determined under IC 6-1.1-21-4 that is attributable to the  
 14 taxing district; by

15 (B) the STEP ONE sum.

16 STEP THREE: Multiply:

17 (A) the STEP TWO quotient; by

18 (B) the total amount of the taxpayer's property taxes levied  
 19 in the taxing district that would have been allocated to an  
 20 allocation fund under section 26 of this chapter had the  
 21 additional credit described in this section not been given.

22 The additional credit reduces the amount of proceeds allocated to the  
 23 redevelopment district and paid into the special fund.

24 (f) The credit for property tax replacement under IC 6-1.1-21-5  
 25 and the additional credits under subsections (e), (g), (h), and (i), unless  
 26 the credits under subsections (g) and (h) are partial credits, shall be  
 27 computed on an aggregate basis for all taxpayers in a taxing district  
 28 that contains all or part of an allocation area. Except as provided in  
 29 subsections (h) and (i), the credit for property tax replacement under  
 30 IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h),  
 31 and (i) shall be combined on the tax statements sent to each taxpayer.

32 (g) This subsection applies to an allocation area if allocated taxes  
 33 from that area were pledged to bonds, leases, or other obligations of the  
 34 commission before May 8, 1989. A credit calculated using the method  
 35 provided in subsection (e) may be granted under this subsection. The  
 36 credit provided under this subsection is first applicable for the  
 37 allocation area for property taxes first due and payable in 1992. The  
 38 following apply to the determination of the credit provided under this  
 39 subsection:

40 (1) Before June 15 of each year, the fiscal officer of the  
 41 consolidated city shall determine and certify the following:

42 (A) All amounts due in the following year to the owners of

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- 1 outstanding bonds payable from the allocation area special  
 2 fund.  
 3 (B) All amounts that are:  
 4 (i) required under contracts with bond holders; and  
 5 (ii) payable from the allocation area special fund to  
 6 fund accounts and reserves.  
 7 (C) An estimate of the amount of personal property taxes  
 8 available to be paid into the allocation area special fund  
 9 under section 26.9(c) of this chapter.  
 10 (D) An estimate of the aggregate amount of credits to be  
 11 granted if full credits are granted.  
 12 (2) Before June 15 of each year, the fiscal officer of the  
 13 consolidated city shall determine if the granting of the full  
 14 amount of credits in the following year would impair any  
 15 contract with or otherwise adversely affect the owners of  
 16 outstanding bonds payable from the allocation area special fund.  
 17 (3) If the fiscal officer of the consolidated city determines under  
 18 subdivision (2) that there would not be an impairment or adverse  
 19 effect:  
 20 (A) the fiscal officer of the consolidated city shall certify  
 21 the determination; and  
 22 (B) the full credits shall be applied in the following year,  
 23 subject to the determinations and certifications made under  
 24 section 26.7(b) of this chapter.  
 25 (4) If the fiscal officer of the consolidated city makes an adverse  
 26 determination under subdivision (2), the fiscal officer of the  
 27 consolidated city shall determine whether there is an amount of  
 28 partial credits that, if granted in the following year, would not  
 29 result in the impairment or adverse effect. If the fiscal officer  
 30 determines that there is an amount of partial credits that would  
 31 not result in the impairment or adverse effect, the fiscal officer  
 32 shall do the following:  
 33 (A) Determine the amount of the partial credits.  
 34 (B) Certify that determination.  
 35 (5) If the fiscal officer of the consolidated city certifies under  
 36 subdivision (4) that partial credits may be paid, the partial  
 37 credits shall be applied pro rata among all affected taxpayers in  
 38 the following year.  
 39 (6) An affected taxpayer may appeal any of the following to the  
 40 circuit or superior court of the county in which the allocation  
 41 area is located:  
 42 (A) A determination by the fiscal officer of the consolidated

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- city that:
  - (i) credits may not be paid in the following year; or
  - (ii) only partial credits may be paid in the following year.
- (B) A failure by the fiscal officer of the consolidated city to make a determination by June 15 of whether full or partial credits are payable under this subsection.
- (7) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination.
- (8) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether the credits are payable under this subsection must be filed by July 15 of the year in which the determination should have been made.
- (9) All appeals under subdivision (6) shall be decided by the court within sixty (60) days.
- (h) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method in subsection (e) and in subdivision (2) of this subsection may be granted under this subsection. The following apply to the credit granted under this subsection:
  - (1) The credit is applicable to property taxes first due and payable in 1991.
  - (2) For purposes of this subsection, the amount of a credit for 1990 taxes payable in 1991 with respect to an affected taxpayer is equal to:
    - (A) the amount of the quotient determined under STEP TWO of subsection (e); multiplied by
    - (B) the total amount of the property taxes payable by the taxpayer that were allocated in 1991 to the allocation area special fund under section 26 of this chapter.
  - (3) Before June 15, 1991, the fiscal officer of the consolidated city shall determine and certify an estimate of the aggregate amount of credits for 1990 taxes payable in 1991 if the full credits are granted.
  - (4) The fiscal officer of the consolidated city shall determine whether the granting of the full amounts of the credits for 1990 taxes payable in 1991 against 1991 taxes payable in 1992 and the granting of credits under subsection (g) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund for an allocation area described in subsection (g).

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- 1 (5) If the fiscal officer of the consolidated city determines that  
 2 there would not be an impairment or adverse effect under  
 3 subdivision (4):  
 4 (A) the fiscal officer shall certify that determination; and  
 5 (B) the full credits shall be applied against 1991 taxes  
 6 payable in 1992 or the amount of the credits shall be paid to  
 7 the taxpayers as provided in subdivision (12), subject to the  
 8 determinations and certifications made under section  
 9 26.7(b) of this chapter.
- 10 (6) If the fiscal officer of the consolidated city makes an adverse  
 11 determination under subdivision (4), the fiscal officer shall  
 12 determine whether there is an amount of partial credits for 1990  
 13 taxes payable in 1991 that, if granted against 1991 taxes payable  
 14 in 1992 in addition to granting of the credits under subsection  
 15 (g), would not result in the impairment or adverse effect.
- 16 (7) If the fiscal officer of the consolidated city determines under  
 17 subdivision (6) that there is an amount of partial credits that  
 18 would not result in the impairment or adverse effect, the fiscal  
 19 officer shall determine the amount of partial credits and certify  
 20 that determination.
- 21 (8) If the fiscal officer of the consolidated city certifies under  
 22 subdivision (7) that partial credits may be paid, the partial  
 23 credits shall be applied pro rata among all affected taxpayers  
 24 against 1991 taxes payable in 1992.
- 25 (9) An affected taxpayer may appeal any of the following to the  
 26 circuit or superior court of the county in which the allocation  
 27 area is located:  
 28 (A) A determination by the fiscal officer of the consolidated  
 29 city that:  
 30 (i) credits may not be paid for 1990 taxes payable in  
 31 1991; or  
 32 (ii) only partial credits may be paid for 1990 taxes  
 33 payable in 1991.  
 34 (B) A failure by the fiscal officer of the consolidated city to  
 35 make a determination by June 15, 1991, of whether credits  
 36 are payable under this subsection.
- 37 (10) An appeal of a determination must be filed not later than  
 38 thirty (30) days after the publication of the determination. Any  
 39 such appeal shall be decided by the court within sixty (60) days.
- 40 (11) An appeal of a failure by the fiscal officer of the  
 41 consolidated city to make a determination of whether credits are  
 42 payable under this subsection must be filed by July 15, 1991.

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- 1 Any such appeal shall be decided by the court within sixty (60)  
 2 days.
- 3 (12) If 1991 taxes payable in 1992 with respect to a parcel are  
 4 billed to the same taxpayer to which 1990 taxes payable in 1991  
 5 were billed, the county treasurer shall apply to the tax bill for  
 6 1991 taxes payable in 1992 both the credit provided under  
 7 subsection (g) and the credit provided under this subsection,  
 8 along with any credit determined to be applicable to the tax bill  
 9 under subsection (i). In the alternative, at the election of the  
 10 county auditor, the county may pay to the taxpayer the amount  
 11 of the credit by May 10, 1992, and the amount shall be charged  
 12 to the taxing units in which the allocation area is located in the  
 13 proportion of the taxing units' respective tax rates for 1990 taxes  
 14 payable in 1991.
- 15 (13) If 1991 taxes payable in 1992 with respect to a parcel are  
 16 billed to a taxpayer other than the taxpayer to which 1990 taxes  
 17 payable in 1991 were billed, the county treasurer shall do the  
 18 following:
- 19 (A) Apply only the credits under subsections (g) and (i) to  
 20 the tax bill for 1991 taxes payable in 1992.
- 21 (B) Give notice by June 30, 1991, by publication two (2)  
 22 times in three (3) newspapers in the county with the largest  
 23 circulation of the availability of a refund of the credit under  
 24 this subsection.
- 25 A taxpayer entitled to a credit must file an application for refund  
 26 of the credit with the county auditor not later than November 30,  
 27 1991.
- 28 (14) A taxpayer who files an application by November 30, 1991,  
 29 is entitled to payment from the county treasurer in an amount  
 30 that is in the same proportion to the credit provided under this  
 31 subsection with respect to a parcel as the amount of 1990 taxes  
 32 payable in 1991 paid by the taxpayer with respect to the parcel  
 33 bears to the 1990 taxes payable in 1991 with respect to the  
 34 parcel. This amount shall be paid to the taxpayer by May 10,  
 35 1992, and shall be charged to the taxing units in which the  
 36 allocation area is located in the proportion of the taxing units'  
 37 respective tax rates for 1990 taxes payable in 1991.
- 38 (i) This subsection applies to an allocation area if allocated taxes  
 39 from that area were pledged to bonds, leases, or other obligations of the  
 40 commission before May 8, 1989. The following apply to the credit  
 41 granted under this subsection:
- 42 (1) A prior year credit is applicable to property taxes first due

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- 1 and payable in each year from 1987 through 1990 (the "prior  
2 years").
- 3 (2) The credit for each prior year is equal to:
- 4 (A) the amount of the quotient determined under STEP  
5 TWO of subsection (e) for the prior year; multiplied by  
6 (B) the total amount of the property taxes paid by the  
7 taxpayer that were allocated in the prior year to the  
8 allocation area special fund under section 26 of this chapter.
- 9 (3) Before January 31, 1992, the county auditor shall determine  
10 the amount of credits under subdivision (2) with respect to each  
11 parcel in the allocation area for all prior years with respect to  
12 which:
- 13 (A) taxes were billed to the same taxpayer for taxes payable  
14 in each year from 1987 through 1991; or  
15 (B) an application was filed by November 30, 1991, under  
16 subdivision (8) for refund of the credits for prior years.
- 17 A report of the determination by parcel shall be sent by the  
18 county auditor to the state board of tax commissioners and the  
19 budget agency within five (5) days of such determination.
- 20 (4) Before January 31, 1992, the county auditor shall determine  
21 the quotient of the amounts determined under subdivision (3)  
22 with respect to each parcel divided by six (6).
- 23 (5) Before January 31, 1992, the county auditor shall determine  
24 the quotient of the aggregate amounts determined under  
25 subdivision (3) with respect to all parcels divided by twelve (12).
- 26 (6) Except as provided in subdivisions (7) and (9), in each year  
27 in which credits from prior years remain unpaid, credits for the  
28 prior years in the amounts determined under subdivision (4)  
29 shall be applied as provided in this subsection.
- 30 (7) If taxes payable in the current year with respect to a parcel  
31 are billed to the same taxpayer to which taxes payable in all of  
32 the prior years were billed and if the amount determined under  
33 subdivision (3) with respect to the parcel is at least five hundred  
34 dollars (\$500), the county treasurer shall apply the credits  
35 provided for the current year under subsections (g) and (h) and  
36 the credit in the amount determined under subdivision (4) to the  
37 tax bill for taxes payable in the current year. However, if the  
38 amount determined under subdivision (3) with respect to the  
39 parcel is less than five hundred dollars (\$500) (referred to in this  
40 subdivision as "small claims"), the county may, at the election of  
41 the county auditor, either apply a credit in the amount  
42 determined under subdivision (3) or subdivision (4) to the tax

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1 bill for taxes payable in the current year or pay either amount to  
 2 the taxpayer. If title to a parcel transfers in a year in which a  
 3 credit under this subsection is applied to the tax bill, the  
 4 transferor may file an application with the county auditor within  
 5 thirty (30) days of the date of the transfer of title to the parcel for  
 6 payments to the transferor at the same times and in the same  
 7 amounts that would have been allowed as credits to the  
 8 transferor under this subsection if there had not been a transfer.  
 9 If a determination is made by the county auditor to refund or  
 10 credit small claims in the amounts determined under subdivision  
 11 (3) in 1992, the county auditor may make appropriate  
 12 adjustments to the credits applied with respect to other parcels  
 13 so that the total refunds and credits in any year will not exceed  
 14 the payments made from the state property tax replacement fund  
 15 to the prior year credit fund referred to in subdivision (11) in that  
 16 year.

17 (8) If taxes payable in the current year with respect to a parcel  
 18 are billed to a taxpayer that is not a taxpayer to which taxes  
 19 payable in all of the prior years were billed, the county treasurer  
 20 shall do the following:

21 (A) Apply only the credits under subsections (g) and (h) to  
 22 the tax bill for taxes payable in the current year.

23 (B) Give notice by June 30, 1991, by publication two (2)  
 24 times in three (3) newspapers in the county with the largest  
 25 circulation of the availability of a refund of the credit.

26 A taxpayer entitled to the credit must file an application for  
 27 refund of the credit with the county auditor not later than  
 28 November 30, 1991. A refund shall be paid to an eligible  
 29 applicant by May 10, 1992.

30 (9) A taxpayer who filed an application by November 30, 1991,  
 31 is entitled to payment from the county treasurer under  
 32 subdivision (8) in an amount that is in the same proportion to the  
 33 credit determined under subdivision (3) with respect to a parcel  
 34 as the amount of taxes payable in the prior years paid by the  
 35 taxpayer with respect to the parcel bears to the taxes payable in  
 36 the prior years with respect to the parcel.

37 (10) In each year on May 1 and November 1, the state shall pay  
 38 to the county treasurer from the state property tax replacement  
 39 fund the amount determined under subdivision (5).

40 (11) All payments received from the state under subdivision (10)  
 41 shall be deposited into a special fund to be known as the prior  
 42 year credit fund. The prior year credit fund shall be used to

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make:

(A) payments under subdivisions (7) and (9); and

(B) deposits into the special fund for the application of prior year credits.

(12) All amounts paid into the special fund for the allocation area under subdivision (11) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area.

(13) By January 15, 1993, and by January 15 of each year thereafter, the county auditor shall send to the state board of tax commissioners and the budget agency a report of the receipts, earnings, and disbursements of the prior year credit fund for the prior calendar year. If in the final year that credits under **this** subsection (†) are allowed any balance remains in the prior year credit fund after the payment of all credits payable under this subsection, such balance shall be repaid to the treasurer of state for deposit in the property tax replacement fund.

(14) In each year, the county shall limit the total of all refunds and credits provided for in this subsection to the total amount paid in that year from the property tax replacement fund into the prior year credit fund and any balance remaining from the preceding year in the prior year credit fund.

SECTION 28. IC 36-7-30-25, AS AMENDED BY P.L.255-1997(ss), SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 25. (a) The following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally

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1 determined for any subsequent assessment date; plus  
 2 (C) to the extent that it is not included in clause (A) or (B),  
 3 the net assessed value of property that is assessed as  
 4 residential property under the rules of the state board of tax  
 5 commissioners, as finally determined for any assessment  
 6 date after the effective date of the allocation provision.

7 Clause (C) applies only to allocation areas established in a  
 8 military reuse area after June 30, 1997, and to the portion of an  
 9 allocation area that was established before June 30, 1997, and  
 10 that is added to an existing allocation area after June 30, 1997.

11 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real  
 12 property.

13 (b) A declaratory resolution adopted under section 10 of this  
 14 chapter before the date set forth in IC 36-7-14-39(b) pertaining to  
 15 declaratory resolutions adopted under IC 36-7-14-15 may include a  
 16 provision with respect to the allocation and distribution of property  
 17 taxes for the purposes and in the manner provided in this section. A  
 18 declaratory resolution previously adopted may include an allocation  
 19 provision by the amendment of that declaratory resolution in  
 20 accordance with the procedures set forth in section 13 of this chapter.  
 21 The allocation provision may apply to all or part of the military base  
 22 reuse area. The allocation provision must require that any property  
 23 taxes subsequently levied by or for the benefit of any public body  
 24 entitled to a distribution of property taxes on taxable property in the  
 25 allocation area be allocated and distributed as follows:

26 (1) Except as otherwise provided in this section, the proceeds of  
 27 the taxes attributable to the lesser of:

28 (A) the assessed value of the property for the assessment  
 29 date with respect to which the allocation and distribution is  
 30 made; or

31 (B) the base assessed value;

32 shall be allocated to and, when collected, paid into the funds of  
 33 the respective taxing units.

34 (2) Except as otherwise provided in this section, property tax  
 35 proceeds in excess of those described in subdivision (1) shall be  
 36 allocated to the military base reuse district and, when collected,  
 37 paid into an allocation fund for that allocation area that may be  
 38 used by the military base reuse district and only to do one (1) or  
 39 more of the following:

40 (A) Pay the principal of and interest and redemption  
 41 premium on any obligations incurred by the military base  
 42 reuse district or any other entity for the purpose of financing

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- 1 or refinancing military base reuse activities in or directly  
 2 serving or benefiting that allocation area.
- 3 (B) Establish, augment, or restore the debt service reserve  
 4 for bonds payable solely or in part from allocated tax  
 5 proceeds in that allocation area or from other revenues of  
 6 the reuse authority, including lease rental revenues.
- 7 (C) Make payments on leases payable solely or in part from  
 8 allocated tax proceeds in that allocation area.
- 9 (D) Reimburse any other governmental body for  
 10 expenditures made for local public improvements (or  
 11 structures) in or directly serving or benefiting that allocation  
 12 area.
- 13 (E) Pay all or a part of a property tax replacement credit to  
 14 taxpayers in an allocation area as determined by the reuse  
 15 authority. This credit equals the amount determined under  
 16 the following STEPS for each taxpayer in a taxing district  
 17 (as defined in IC 6-1.1-1-20) that contains all or part of the  
 18 allocation area:  
 19 STEP ONE: Determine that part of the sum of the amounts  
 20 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),  
 21 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and  
 22 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.  
 23 STEP TWO: Divide:  
 24 (i) that part of the ~~twenty~~ **sixty** percent (~~20%~~) (**60%**) of  
 25 each county's total county tax levy payable that year as  
 26 determined under IC 6-1.1-21-4 that is attributable to  
 27 the taxing district; by  
 28 (ii) the STEP ONE sum.
- 29 STEP THREE: Multiply:  
 30 (i) the STEP TWO quotient; times  
 31 (ii) the total amount of the taxpayer's property taxes  
 32 levied in the taxing district that have been allocated  
 33 during that year to an allocation fund under this  
 34 section.
- 35 If not all the taxpayers in an allocation area receive the  
 36 credit in full, each taxpayer in the allocation area is entitled  
 37 to receive the same proportion of the credit. A taxpayer may  
 38 not receive a credit under this section and a credit under  
 39 section 27 of this chapter in the same year.
- 40 (F) Pay expenses incurred by the reuse authority for local  
 41 public improvements or structures that were in the  
 42 allocation area or directly serving or benefiting the

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allocation area.  
(G) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:  
(i) in the allocation area; and  
(ii) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the reuse authority.

(3) Except as provided in subsection (g), before July 15 of each year the reuse authority shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess property taxes that the reuse authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1). The reuse authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 19 of this chapter. Property taxes received by a taxing unit under this subdivision are eligible for the property tax replacement credit provided under IC 6-1.1-21.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

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- 1 (2) the base assessed value.
- 2 (d) Property tax proceeds allocable to the military base reuse  
3 district under subsection (b)(2) may, subject to subsection (b)(3), be  
4 irrevocably pledged by the military base reuse district for payment as  
5 set forth in subsection (b)(2).
- 6 (e) Notwithstanding any other law, each assessor shall, upon  
7 petition of the reuse authority, reassess the taxable property situated  
8 upon or in or added to the allocation area, effective on the next  
9 assessment date after the petition.
- 10 (f) Notwithstanding any other law, the assessed value of all taxable  
11 property in the allocation area, for purposes of tax limitation, property  
12 tax replacement, and the making of the budget, tax rate, and tax levy  
13 for each political subdivision in which the property is located is the  
14 lesser of:
- 15 (1) the assessed value of the property as valued without regard  
16 to this section; or
- 17 (2) the base assessed value.
- 18 (g) If any part of the allocation area is located in an enterprise zone  
19 created under IC 4-4-6.1, the unit that designated the allocation area  
20 shall create funds as specified in this subsection. A unit that has  
21 obligations, bonds, or leases payable from allocated tax proceeds under  
22 subsection (b)(2) shall establish an allocation fund for the purposes  
23 specified in subsection (b)(2) and a special zone fund. Such a unit  
24 shall, until the end of the enterprise zone phase out period, deposit each  
25 year in the special zone fund any amount in the allocation fund derived  
26 from property tax proceeds in excess of those described in subsection  
27 (b)(1) from property located in the enterprise zone that exceeds the  
28 amount sufficient for the purposes specified in subsection (b)(2) for the  
29 year. The amount sufficient for purposes specified in subsection (b)(2)  
30 for the year shall be determined based on the pro rata part of such  
31 current property tax proceeds from the part of the enterprise zone that  
32 is within the allocation area as compared to all such current property  
33 tax proceeds derived from the allocation area. A unit that does not have  
34 obligations, bonds, or leases payable from allocated tax proceeds under  
35 subsection (b)(2) shall establish a special zone fund and deposit all the  
36 property tax proceeds in excess of those described in subsection (b)(1)  
37 that are derived from property in the enterprise zone in the fund. The  
38 unit that creates the special zone fund shall use the fund (based on the  
39 recommendations of the urban enterprise association) for programs in  
40 job training, job enrichment, and basic skill development that are  
41 designed to benefit residents and employers in the enterprise zone or  
42 other purposes specified in subsection (b)(2), except that where

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1 reference is made in subsection (b)(2) to allocation area it shall refer  
 2 for purposes of payments from the special zone fund only to that  
 3 portion of the allocation area that is also located in the enterprise zone.  
 4 The programs shall reserve at least one-half (1/2) of their enrollment  
 5 in any session for residents of the enterprise zone.

6 (h) After each general reassessment under IC 6-1.1-4, the state  
 7 board of tax commissioners shall adjust the base assessed value one (1)  
 8 time to neutralize any effect of the general reassessment on the  
 9 property tax proceeds allocated to the military base reuse district under  
 10 this section. However, the adjustment may not include the effect of  
 11 property tax abatements under IC 6-1.1-12.1, and the adjustment may  
 12 not produce less property tax proceeds allocable to the military base  
 13 reuse district under subsection (b)(2) than would otherwise have been  
 14 received if the general reassessment had not occurred. The state board  
 15 of tax commissioners may prescribe procedures for county and  
 16 township officials to follow to assist the state board in making the  
 17 adjustments.

18 SECTION 29. IC 36-7-30-27, AS ADDED BY P.L.26-1995,  
 19 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20 JANUARY 1, 1999]: Sec. 27. (a) As used in this section, "allocation  
 21 area" has the meaning set forth in section 25 of this chapter.

22 (b) As used in this section, "taxing district" has the meaning set  
 23 forth in IC 6-1.1-1-20.

24 (c) Subject to subsection (e), each taxpayer in an allocation area  
 25 is entitled to an additional credit for property taxes that under  
 26 IC 6-1.1-22-9 are due and payable in May and November of that year.  
 27 One-half (1/2) of the credit shall be applied to each installment of  
 28 property taxes. This credit equals the amount determined under the  
 29 following STEPS for each taxpayer in a taxing district that contains all  
 30 or part of the allocation area:

31 STEP ONE: Determine that part of the sum of the amounts under  
 32 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),  
 33 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable  
 34 to the taxing district.

35 STEP TWO: Divide:

36 (A) that part of ~~twenty~~ **sixty** percent (~~20%~~) (**60%**) of each  
 37 county's total county tax levy payable that year as  
 38 determined under IC 6-1.1-21-4 that is attributable to the  
 39 taxing district; by

40 (B) the STEP ONE sum.

41 STEP THREE: Multiply:

42 (A) the STEP TWO quotient; times



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1 (B) the total amount of the taxpayer's property taxes levied  
 2 in the taxing district that would have been allocated to an  
 3 allocation fund under section 25 of this chapter had the  
 4 additional credit described in this section not been given.

5 The additional credit reduces the amount of proceeds allocated to the  
 6 military base reuse district and paid into an allocation fund under  
 7 section 25(b)(2) of this chapter.

8 (d) If the additional credit under subsection (c) is not reduced  
 9 under subsection (e) or (f), the credit for property tax replacement  
 10 under IC 6-1.1-21-5 and the additional credit under subsection (c) shall  
 11 be computed on an aggregate basis for all taxpayers in a taxing district  
 12 that contains all or part of an allocation area. The credit for property tax  
 13 replacement under IC 6-1.1-21-5 and the additional credit under  
 14 subsection (c) shall be combined on the tax statements sent to each  
 15 taxpayer.

16 (e) Upon the recommendation of the reuse authority, the municipal  
 17 legislative body (in the case of a reuse authority established by a  
 18 municipality) or the county executive (in the case of a reuse authority  
 19 established by a county) may by resolution provide that the additional  
 20 credit described in subsection (c):

21 (1) does not apply in a specified allocation area; or

22 (2) is to be reduced by a uniform percentage for all taxpayers in  
 23 a specified allocation area.

24 (f) If the municipal legislative body or county executive  
 25 determines that granting the full additional credit under subsection (c)  
 26 would adversely affect the interests of the holders of bonds or other  
 27 contractual obligations that are payable from allocated tax proceeds in  
 28 that allocation area in a way that would create a reasonable expectation  
 29 that those bonds or other contractual obligations would not be paid  
 30 when due, the municipal legislative body or county executive must  
 31 adopt a resolution under subsection (e) to deny the additional credit or  
 32 reduce the credit to a level that creates a reasonable expectation that  
 33 the bonds or other obligations will be paid when due. A resolution  
 34 adopted under subsection (e) denies or reduces the additional credit for  
 35 property taxes first due and payable in the allocation area in any year  
 36 following the year in which the resolution is adopted.

37 (g) A resolution adopted under subsection (e) remains in effect  
 38 until rescinded by the body that originally adopted the resolution.  
 39 However, a resolution may not be rescinded if the rescission would  
 40 adversely affect the interests of the holders of bonds or other  
 41 obligations that are payable from allocated tax proceeds in that  
 42 allocation area in a way that would create a reasonable expectation that



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1 the principal of or interest on the bonds or other obligations would not  
 2 be paid when due. If a resolution is rescinded and no other resolution  
 3 is adopted, the additional credit described in subsection (c) applies to  
 4 property taxes first due and payable in the allocation area in each year  
 5 following the year in which the resolution is rescinded.

6 SECTION 30. IC 12-13-8-4 IS REPEALED [EFFECTIVE JULY  
 7 1, 1998].

8 SECTION 31. [EFFECTIVE JULY 1, 1998] (a) For purposes of:

- 9 (1) IC 6-2.5-2-2, as amended by this act;  
 10 (2) IC 6-2.5-6-7, as amended by this act;  
 11 (3) IC 6-2.5-6-8, as amended by this act;  
 12 (4) IC 6-2.5-7-3, as amended by this act; and  
 13 (5) IC 6-2.5-7-5, as amended by this act;

14 all transactions, except the furnishing of public utility, telephone,  
 15 or cable television services and commodities by retail merchants  
 16 described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11, shall be  
 17 considered as having occurred after June 30, 1998, to the extent  
 18 that delivery of the property or services constituting selling at  
 19 retail is made after that date to the purchaser or to the place of  
 20 delivery designated by the purchaser. However, a transaction shall  
 21 be considered as having occurred before July 1, 1998, to the extent  
 22 that the agreement of the parties to the transaction was entered  
 23 into before May 1, 1998, and payment for the property or services  
 24 furnished in the transaction is made before July 1, 1998,  
 25 notwithstanding the delivery of the property or services after June  
 26 30, 1998.

27 (b) With respect to a transaction constituting the furnishing of  
 28 public utility, telephone, or cable television services and  
 29 commodities, only transactions for which the charges are collected  
 30 upon original statements and billings dated after July 31, 1998,  
 31 shall be considered as having occurred after June 30, 1998.

32 (c) IC 6-3-2-1, as amended by this act, applies only to taxable  
 33 years beginning after December 31, 1998.

34 (d) IC 6-1.1-18.5-2, IC 6-1.1-21, IC 6-1.1-39-6, IC 36-7-14-39,  
 35 IC 36-7-14-39.5, IC 36-14.5-12.5, IC 36-7-15.1-26.5, IC 36-7-30-25,  
 36 and IC 36-7-30-27, all as amended by this act, apply only to  
 37 property taxes first due and payable after December 31, 1998.

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