

# HOUSE BILL No. 1369

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-21-2; IC 6-3.5-8; IC 6-6-5-10.

**Synopsis:** Local option education income tax. Establishes an optional school income tax district education income tax that applies to individuals and corporations that are subject to the supplemental net income tax. Provides that each school income tax district is comprised of the school corporations that have their budgets reviewed in the same county. Allows school corporations in a school income tax district to collectively impose an individual income tax at a rate of 0.5% or 1%. Includes a corporate school income tax at a rate that is the greater of 1% or the result of: (1) the assessed value of all corporate taxpayers in  
(Continued next page)

**Effective:** Upon passage.

---

---

**Ruppel, Heeke**

---

---

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

---

---

C  
o  
p  
y



Digest Continued

a county as determined on the 1997 assessment date; divided by (2) the assessed value of all individual taxpayers in a county as determined on the 1997 assessment date. Provides that the rate is applied to a corporation's supplemental net income, which is apportioned using the ratio of the corporation's assessed value of property in the county to the assessed value of all of the corporation's property in Indiana. Provides that the body that imposes the tax is comprised of the school boards of the school corporations in the school income tax district. Provides that the county auditor shall convene a meeting of the body to consider proposed ordinances. Uses the income tax revenue for property tax replacement credits. Provides that the property tax reduction does not affect the 20% property tax replacement credit paid by the state. Provides that for the purposes of computing and distributing excise taxes, distributions under the education income tax that are used as property tax replacement credits shall be treated as though the distributions were property taxes. Provides for the collection, administration, and distribution of the education income tax.

C  
o  
p  
y



Introduced

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

C  
O  
P  
Y

## HOUSE BILL No. 1369



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 6-1.1-21-2, AS AMENDED BY P.L.25-1995,
- 2 SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 UPON PASSAGE]: Sec. 2. As used in this chapter:
- 4 (a) "Taxpayer" means a person who is liable for taxes on property
- 5 assessed under this article.
- 6 (b) "Taxes" means taxes payable in respect to property assessed
- 7 under this article. The term does not include special assessments,
- 8 penalties, or interest, but does include any special charges which a
- 9 county treasurer combines with all other taxes in the preparation and
- 10 delivery of the tax statements required under IC 6-1.1-22-8(a).
- 11 (c) "Department" means the department of state revenue.
- 12 (d) "Auditor's abstract" means the annual report prepared by each
- 13 county auditor which under IC 6-1.1-22-5 is to be filed on or before
- 14 March 1 of each year with the auditor of state.
- 15 (e) "Mobile home assessments" means the assessments of mobile



1 homes made under IC 6-1.1-7.

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

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

7 (1) the remainder of:

8 (A) the aggregate levy of all taxes for all taxing units in a  
9 county which are to be paid in the county for a stated  
10 assessment year as reflected by the auditor's abstract for the  
11 assessment year, adjusted, however, for any postabstract  
12 adjustments which change the amount of the aggregate levy;  
13 minus

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

16 (i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed  
17 after December 31, 1982; plus

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

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

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

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

32 (i) is entered into after December 31, 1983;

33 (ii) is not debt that is issued under IC 5-1-5 to refund  
34 debt incurred before January 1, 1984; and

35 (iii) does not constitute debt entered into for the  
36 purpose of building, repairing, or altering school  
37 buildings for which the requirements of IC 20-5-52  
38 were satisfied prior to January 1, 1984; minus

39 (E) the amount of property taxes imposed in the county for  
40 the stated assessment year under the authority of IC 21-2-6  
41 (**repealed**) or any citation listed in IC 6-1.1-18.5-9.8 for a  
42 cumulative building fund whose property tax rate was

C  
O  
P  
Y



1 initially established or reestablished for a stated assessment  
 2 year that succeeds the 1983 stated assessment year; minus

3 (F) the remainder of:

4 (i) the total property taxes imposed in the county for  
 5 the stated assessment year under authority of IC 21-2-6  
 6 **(repealed)** or any citation listed in IC 6-1.1-18.5-9.8  
 7 for a cumulative building fund whose property tax rate  
 8 was not initially established or reestablished for a  
 9 stated assessment year that succeeds the 1983 stated  
 10 assessment year; minus

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

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

20 (i) IC 21-2-15 for a capital projects fund; plus

21 (ii) IC 6-1.1-19-10 for a racial balance fund; plus

22 (iii) IC 20-14-13 for a library capital projects fund;  
 23 plus

24 (iv) IC 20-5-17.5-3 for an art association fund; plus

25 (v) IC 21-2-17 for a special education preschool fund;  
 26 plus

27 (vi) an appeal filed under IC 6-1.1-19-5.1 for an  
 28 increase in a school corporation's maximum  
 29 permissible general fund levy for certain transfer  
 30 tuition costs; plus

31 (vii) an appeal filed under IC 6-1.1-19-5.4 for an  
 32 increase in a school corporation's maximum  
 33 permissible general fund levy for transportation  
 34 operating costs; minus

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

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

42 (i) the sum of the amount determined in

C  
O  
P  
Y



- 1 IC 6-1.1-18.5-19(a) STEP THREE or  
 2 IC 6-1.1-18.5-19(b) STEP THREE, whichever is  
 3 applicable, plus the part, if any, of the township's ad  
 4 valorem property tax levy for calendar year 1989 that  
 5 represents increases in that levy that resulted from an  
 6 appeal described in IC 6-1.1-18.5-13(5) filed after  
 7 December 31, 1982; or  
 8 (ii) the amount of property taxes imposed in the  
 9 township for the stated assessment year under the  
 10 authority of IC 36-8-13-4; minus  
 11 (J) for each participating unit in a fire protection territory  
 12 established under IC 36-8-19-1, the amount of property  
 13 taxes levied by each participating unit under IC 36-8-19-8  
 14 and IC 36-8-19-8.5 less the maximum levy limit for each of  
 15 the participating units that would have otherwise been  
 16 available for fire protection services under IC 6-1.1-18.5-3  
 17 and IC 6-1.1-18.5-19 for that same year; minus  
 18 (K) for each county, the sum of:  
 19 (i) the amount of property taxes imposed in the county  
 20 for the repayment of loans under IC 12-19-5-6  
 21 **(repealed)** that is included in the amount determined  
 22 under IC 12-19-7-4(a) STEP SEVEN for property taxes  
 23 payable in 1995, or for property taxes payable in each  
 24 year after 1995, the amount determined under  
 25 IC 12-19-7-4(b); and  
 26 (ii) the amount of property taxes imposed in the county  
 27 attributable to appeals granted under IC 6-1.1-18.6-3  
 28 that is included in the amount determined under  
 29 IC 12-19-7-4(a) STEP SEVEN for property taxes  
 30 payable in 1995, or the amount determined under  
 31 IC 12-19-7-4(b) for property taxes payable in each year  
 32 after 1995; plus  
 33 (2) all taxes to be paid in the county in respect to mobile home  
 34 assessments currently assessed for the year in which the taxes  
 35 stated in the abstract are to be paid; plus  
 36 (3) the amounts, if any, of county adjusted gross income taxes  
 37 that were applied by the taxing units in the county as property  
 38 tax replacement credits to reduce the individual levies of the  
 39 taxing units for the assessment year, as provided in IC 6-3.5-1.1;  
 40 plus  
 41 (4) the amounts, if any, by which the maximum permissible ad  
 42 valorem property tax levies of the taxing units of the county were

C  
O  
P  
Y

1 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated  
 2 assessment year; plus

3 (5) the difference between:

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

6 (B) the amount the civil taxing units' levies were increased  
 7 because of the reduction in the civil taxing units' base year  
 8 certified shares under IC 6-1.1-18.5-3(e); **plus**

9 **(6) the amounts, if any, of education income taxes that were**  
 10 **applied by school corporations in the county as property tax**  
 11 **replacement credits to reduce the individual levies of the**  
 12 **school corporations in the county for the assessment year, as**  
 13 **provided in IC 6-3.5-8.**

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

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

20 SECTION 2. IC 6-3.5-8 IS ADDED TO THE INDIANA CODE  
 21 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 22 UPON PASSAGE]:

23 **Chapter 8. School Income Tax District Education Income Tax**

24 **Sec. 1. As used in this chapter, "adjusted gross income" has**  
 25 **the meaning set forth in IC 6-3-1-3.5(a).**

26 **Sec. 2. As used in this chapter, "ADM", for a specified**  
 27 **calendar year, means the average daily membership of a school**  
 28 **corporation for the school year ending in that calendar year (as**  
 29 **defined in IC 21-3-1.6-1.1).**

30 **Sec. 3. As used in this chapter, "apportioned net income"**  
 31 **means net income (as defined in IC 6-3-8-2) multiplied by:**

32 **(1) the assessed value of all property of a corporation that is:**

33 **(A) taxable under IC 6-1.1; and**

34 **(B) located in the school income tax district; divided by**

35 **(2) the assessed value of all property of the corporation that**  
 36 **is:**

37 **(A) taxable under IC 6-1.1; and**

38 **(B) located in Indiana.**

39 **Sec. 4. As used in this chapter, "corporate taxpayer" means a**  
 40 **corporation that has net income for the taxable year under**  
 41 **IC 6-3-8.**

42 **Sec. 5. As used in this chapter, "county auditor" refers to the**

C  
O  
P  
Y



1 auditor of the county in which the school corporation has its  
2 budget reviewed.

3 Sec. 6. As used in this chapter, "county treasurer" refers to the  
4 treasurer of the county in which the school corporation has its  
5 budget reviewed.

6 Sec. 7. As used in this chapter, "department" refers to the  
7 department of state revenue.

8 Sec. 8. As used in this chapter, "individual taxpayer" means an  
9 individual who resides in the school income tax district on the date  
10 specified in section 28 of this chapter.

11 Sec. 9. As used in this chapter, "school corporation" means a  
12 public school corporation established by Indiana law.

13 Sec. 10. (a) School income tax districts are established  
14 throughout Indiana. Each district is composed of school  
15 corporations that have their budgets reviewed in the same county.  
16 An education income tax council is established in each school  
17 income tax district. The membership of each education income tax  
18 council consists of the governing body of each school corporation  
19 that is a member of the district.

20 (b) Using procedures described in this chapter, an education  
21 income tax council may, by majority vote, adopt ordinances to:

- 22 (1) impose;
- 23 (2) rescind;
- 24 (3) increase; or
- 25 (4) decrease;

26 the education income tax rate for the school income tax district.

27 Sec. 11. Each education income tax council has a total of one  
28 hundred (100) votes. Each member of the education income tax  
29 council is allocated a percentage of the total one hundred (100)  
30 votes that may be cast. The percentage that a school corporation  
31 is allocated for a year equals the same percentage that the ADM of  
32 the school corporation bears to the sum of each school  
33 corporation's ADM for all school corporations in the school income  
34 tax district. Before January 2 of each year, the county auditor shall  
35 certify to each member of the education income tax council the  
36 number of votes, rounded to the nearest one-hundredth (0.01), that  
37 the member has for that year.

38 Sec. 12. (a) A member of an education income tax council may  
39 exercise the member's votes by passing a resolution and  
40 transmitting the resolution to the county auditor. However, in the  
41 case of an ordinance to impose, rescind, increase, or decrease the  
42 rate of the education income tax, the member must transmit the



C  
O  
P  
Y

1 resolution to the county auditor by the appropriate time described  
 2 in section 17, 18, or 19 of this chapter. The form of a resolution is  
 3 as follows:

4 "The \_\_\_\_\_ (name of the school corporation) casts its  
 5 \_\_\_\_\_ votes \_\_\_\_\_ (for or against) the proposed ordinance of  
 6 the \_\_\_\_\_ Education Income Tax Council, which reads  
 7 as follows:"

8 (b) A resolution passed by a member of an education income  
 9 tax council exercises all votes of the member on the proposed  
 10 ordinance. Those votes may not be changed during the year.

11 Sec. 13. Any member of an education income tax council may  
 12 present an ordinance for passage. To do so, the member must pass  
 13 a resolution to propose the ordinance to the education income tax  
 14 council and distribute a copy of the proposed ordinance to the  
 15 county auditor. The county auditor shall treat a proposed  
 16 ordinance presented to the county auditor under this section as a  
 17 casting of all the member's votes in favor of that proposed  
 18 ordinance. Subject to the limitations of section 14 of this chapter,  
 19 the county auditor shall deliver copies of a proposed ordinance that  
 20 the county auditor receives to all members of the education income  
 21 tax council not later than ten (10) days after receipt of the  
 22 proposed ordinance. Not later than thirty (30) days after each  
 23 member has received a copy of the proposed ordinance, the county  
 24 auditor shall convene a meeting of the education income tax  
 25 council for the purpose of considering and voting on the proposed  
 26 ordinance. The auditor of a county shall record all votes taken on  
 27 the ordinance presented for a vote under the authority of this  
 28 chapter and shall immediately send a certified copy of the results  
 29 to the department by certified mail.

30 Sec. 14. (a) An education income tax council may pass only one  
 31 (1) ordinance described in section 10(b)(1), 10(b)(2), 10(b)(3), or  
 32 10(b)(4) of this chapter in one (1) year. When an ordinance  
 33 described in section 10(b)(1), 10(b)(2), 10(b)(3), or 10(b)(4) of this  
 34 chapter is passed, the county auditor shall do the following:

35 (1) Cease distributing proposed ordinances of those types for  
 36 the rest of the year.

37 (2) Withdraw from the membership any other proposed  
 38 ordinances of those types.

39 (b) Any votes subsequently received by the county auditor on  
 40 proposed ordinances of those types during that same year are void.

41 (c) An education income tax council may not vote on and the  
 42 county auditor may not distribute to the members of the education

C  
O  
P  
Y



1 income tax council a proposed ordinance during a year if  
 2 previously during the same year the county auditor received and  
 3 distributed to the members of the education income tax council a  
 4 proposed ordinance that, if adopted, would have substantially the  
 5 same effect.

6 Sec. 15. (a) Before a member of an education income tax  
 7 council may propose an ordinance or vote on a proposed  
 8 ordinance, the member must hold a public hearing on the proposed  
 9 ordinance and provide the public with notice of the time and place  
 10 that the public hearing will be held.

11 (b) The notice required by subsection (a) must be given in  
 12 accordance with IC 5-3-1.

13 (c) The form of the notice required by this section must be in  
 14 substantially the following form:

15 "NOTICE OF  
 16 SCHOOL INCOME TAX DISTRICT  
 17 EDUCATION INCOME TAX  
 18 ORDINANCE VOTE

19 The board of the \_\_\_\_\_ (insert name of school  
 20 corporation) hereby declares that on \_\_\_\_\_ (insert date) at  
 21 \_\_\_\_ (insert the time of day) a public hearing will be held at  
 22 \_\_\_\_\_ (insert location) concerning the following resolution to  
 23 propose an ordinance (or consider a proposed ordinance) that is  
 24 before the members of the education income tax council. Members  
 25 of the public are invited to attend the hearing for the purpose of  
 26 expressing their views."

27 (Insert a copy of the proposed ordinance or the resolution to  
 28 propose an ordinance.)

29 Sec. 16. (a) An education income tax council may impose an  
 30 education income tax, which consists of a tax on the adjusted gross  
 31 income of individual taxpayers and on the apportioned  
 32 supplemental net income of corporations. If the tax is imposed, the  
 33 tax takes effect July 1 of the year that the ordinance imposing the  
 34 tax is adopted.

35 (b) The tax on individual taxpayers may be imposed at a rate  
 36 of:

- 37 (1) one-half of one percent (0.5%); or  
 38 (2) one percent (1%).

39 (c) The tax on corporate taxpayers may be imposed at a rate  
 40 that is the greater of:

- 41 (1) one percent (1%); or  
 42 (2) the result of:



C  
O  
P  
Y

1 (A) the assessed value of all corporate taxpayers in a  
 2 county as determined on the 1997 assessment date;  
 3 divided by

4 (B) the assessed value of all individual taxpayers in a  
 5 county as determined on the 1997 assessment date.

6 (d) The rates contained in subsections (b) and (c) apply to the  
 7 adjusted gross income of individual taxpayers and the apportioned  
 8 net income of corporate tax payers.

9 Sec. 17. (a) To impose the education income tax, an education  
 10 income tax council must, after January 1 but before May 1 of a  
 11 year, adopt an ordinance. The ordinance must substantially state  
 12 the following:

13 "The \_\_\_\_\_ Education Income Tax Council imposes the  
 14 education income tax on the individual taxpayers and  
 15 corporate taxpayers of the \_\_\_\_\_ (insert name of county)  
 16 school income tax district. The education income tax consists  
 17 of an individual income tax and a corporate surtax. The  
 18 income tax is imposed at a rate of \_\_\_\_ percent (\_\_\_\_%)  
 19 on the individual taxpayers and corporate taxpayers of the  
 20 school income tax district. The income tax takes effect July  
 21 1 of this year."

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

24 Sec. 18. (a) An education income tax council may increase or  
 25 decrease the education income tax rate imposed on individual  
 26 taxpayers and corporate taxpayers. To increase or decrease the  
 27 rate, the education income tax council must, after January 1 but  
 28 before May 1 of a year, adopt an ordinance. The ordinance must  
 29 substantially state the following:

30 "The \_\_\_\_\_ Education Income Tax Council increases (or  
 31 decreases) the education income tax rate. The income tax  
 32 rate imposed upon the individual taxpayers and on corporate  
 33 taxpayers of the school income tax district is increased (or  
 34 decreased) from (insert current rate) to (insert proposed  
 35 rate). This education income tax rate increase (or decrease)  
 36 takes effect July 1 of this year for individual taxpayers. The  
 37 increased (or decreased) rate takes effect January 1 of next  
 38 year for corporate taxpayers."

39 (b) An ordinance adopted under this section takes effect July  
 40 1 of the year the ordinance is adopted.

41 Sec. 19. (a) The education income tax imposed by an education  
 42 income tax council under this chapter remains in effect until

C  
O  
P  
Y



1 rescinded.

2 (b) An education income tax council may rescind the education  
3 income tax by adopting an ordinance to rescind the tax after  
4 January 1 but before June 1 of a year.

5 (c) An ordinance adopted under this section takes effect July  
6 1 of the year the ordinance is adopted.

7 **Sec. 20.** If the education income tax is not in effect during an  
8 individual taxpayer's or a corporate taxpayer's entire taxable year,  
9 the amount of education income tax that the taxpayer owes for that  
10 taxable year equals the product of:

11 (1) the amount of education income tax the taxpayer would  
12 owe if the tax had been imposed during the taxpayer's entire  
13 taxable year; multiplied by

14 (2) a fraction. The numerator equals the number of days  
15 during the taxpayer's taxable year that the education income  
16 tax was in effect. The denominator equals the total number  
17 of days in the taxpayer's taxable year.

18 **Sec. 21.** (a) If for a particular taxable year an individual  
19 taxpayer is allowed, or an individual taxpayer and the individual  
20 taxpayer's spouse who file a joint return are allowed, a credit for  
21 the elderly or the totally disabled under Section 24 of the Internal  
22 Revenue Code (as defined in IC 6-3-1-11), the individual taxpayer  
23 is entitled, or the individual taxpayer and the individual taxpayer's  
24 spouse are entitled, to a credit against their education income tax  
25 liability for that same taxable year. The amount of the credit  
26 equals the lesser of the following:

27 (1) The product of:

28 (A) the credit for the elderly or the totally disabled for  
29 the same taxable year; multiplied by

30 (B) a fraction. The numerator is the education income  
31 tax rate imposed against the individual taxpayer or the  
32 individual taxpayer and the individual taxpayer's  
33 spouse. The denominator is fifteen-hundredths (0.15).

34 (2) The amount of education income tax imposed on the  
35 individual taxpayer or the individual taxpayer and the  
36 individual taxpayer's spouse.

37 (b) If an individual taxpayer and the individual taxpayer's  
38 spouse file a joint return and are subject to different education  
39 income tax rates for the same taxable year, they shall compute the  
40 credit under this section by using the formula provided in  
41 subsection (a), except that they shall use the average of the two (2)  
42 education income tax rates imposed against them as the numerator



C  
O  
P  
Y

1 referred to in subsection (a)(1)(B).

2 **Sec. 22. (a)** A special account within the state general fund  
3 shall be established for each school income tax district adopting the  
4 education income tax. Revenue derived from the imposition of the  
5 education income tax by a school income tax district shall be  
6 deposited in that school income tax district's account in the state  
7 general fund.

8 (b) Income earned on money held in an account under  
9 subsection (a) becomes a part of that account.

10 (c) Revenue remaining in an account established under  
11 subsection (a) at the end of a state fiscal year does not revert to the  
12 state general fund.

13 **Sec. 23. (a)** Revenue derived from the imposition of the  
14 education income tax shall, in the manner prescribed by this  
15 section, be distributed to the county in which the budgets for the  
16 school corporations comprising the school income tax district are  
17 reviewed by the state board of tax commissioners. The amount to  
18 be distributed to a county during a calendar year equals the  
19 amount of education income tax revenue that the department, after  
20 reviewing the recommendation of the budget agency, estimates will  
21 be received from the school income tax district during the twelve  
22 (12) month period beginning July 1 of the immediately preceding  
23 calendar year and ending June 30 of that calendar year.

24 (b) Before July 2 of each calendar year, the department, after  
25 reviewing the recommendation of the budget agency, shall estimate  
26 and certify to the county auditor of each adopting school income  
27 tax district the amount of education income tax revenue that will  
28 be collected from the school income tax district during the twelve  
29 (12) month period beginning July 1 of the calendar year and  
30 ending June 30 of the immediately succeeding calendar year. The  
31 amount certified is the school income tax district's certified  
32 distribution for the immediately succeeding calendar year. The  
33 amount certified may be adjusted under subsection (c) or (d).

34 (c) The department may certify to an adopting school income  
35 tax district an amount that is greater than the estimated twelve  
36 (12) month revenue collection if the department, after reviewing  
37 the recommendation of the budget agency, determines that there  
38 will be a greater amount of revenue available for distribution from  
39 the school income tax district's account established by section 22 of  
40 this chapter.

41 (d) The department may certify an amount less than the  
42 estimated twelve (12) month revenue collection if the department,

C  
O  
P  
Y



1 after reviewing the recommendation of the budget agency,  
 2 determines that a part of the revenue collection needs to be  
 3 distributed during the current calendar year so that the school  
 4 income tax district will receive the school income tax district's full  
 5 certified distribution for the current calendar year.

6 **Sec. 24. (a) One-half (1/2) of each adopting school income tax**  
 7 **district's certified distribution for a calendar year shall be**  
 8 **distributed from the school income tax district's account**  
 9 **established by section 22 of this chapter to the appropriate county**  
 10 **treasurer before May 1, and the other one-half (1/2) shall be**  
 11 **distributed before November 1 of the calendar year.**

12 **(b) Distributions made to a county treasurer under subsection**  
 13 **(a) shall be treated as though they were property taxes that were**  
 14 **due and payable during that same calendar year.**

15 **(c) All distributions from an account established by section 22**  
 16 **of this chapter shall be made by warrants issued by the auditor of**  
 17 **state to the treasurer of state ordering the appropriate payments.**

18 **Sec. 25. The certified distribution received by a county**  
 19 **treasurer shall be allocated as property tax replacement credits**  
 20 **under section 26 of this chapter.**

21 **Sec. 26. (a) The county auditor shall distribute, among the**  
 22 **school corporations of the school income tax district, the school**  
 23 **income tax district's certified distribution for the calendar year.**  
 24 **The amount that the county auditor shall allocate to a school**  
 25 **corporation for property tax replacement credits is equal to the**  
 26 **amount determined under STEP THREE of the following formula:**

27 **STEP ONE: Determine the amount of the certified**  
 28 **distribution available for distribution in the calendar year.**

29 **STEP TWO: Determine the percentage of votes that the**  
 30 **school corporation is allocated for the calendar year under**  
 31 **section 11 of this chapter.**

32 **STEP THREE: Multiply the STEP ONE amount by the**  
 33 **STEP TWO percentage.**

34 **(b) The property tax replacement credits described in**  
 35 **subsection (a) shall be allocated among each fund for which a**  
 36 **distinct property tax levy is imposed. The amount that must be**  
 37 **allocated to each fund equals:**

38 **(1) the amount determined under STEP THREE of**  
 39 **subsection (a) for the school corporation; multiplied by**

40 **(2) the amount determined in STEP THREE of the following**  
 41 **formula:**

42 **STEP ONE: Determine the property taxes collected for**

C  
O  
P  
Y



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42

each fund by the school corporation during that calendar year.

**STEP TWO:** Determine the sum of the total property taxes collected for all funds by the school corporation.

**STEP THREE:** Divide the STEP ONE amount by the STEP TWO amount.

The state board of tax commissioners shall certify to the auditor of each county in which a school corporation is located the property tax rate applicable to each fund after the property tax replacement credits are allocated.

(c) If a school corporation within an adopting school income tax district does not impose a property tax levy for a particular fund that is first due and payable in a calendar year in which property tax replacement credits are being distributed, the school corporation is not required to allocate to that fund a part of the property tax replacement credits to be distributed to the school corporation.

(d) The state board of tax commissioners shall provide each county auditor with the amount of property tax replacement credits that each school corporation in the auditor's school income tax district is entitled to receive. The county auditor shall then certify to each school corporation the amount of property tax replacement credits the school corporation is entitled to receive during that calendar year. The county auditor shall also certify the distributions to the county treasurer.

**Sec. 27.** A school corporation shall treat property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of the school corporation's property tax levy for each fund for that same calendar year for purposes of fixing the school corporation's budget and for purposes of the property tax levy limits imposed by IC 6-1.1-19. However, the credits do not reduce the total county tax levy that is used to compute the state property tax replacement credit under IC 6-1.1-21. In addition, for purposes of computing and distributing the excise taxes under IC 6-6-5, distributions that are used as property tax replacement credits shall be treated as though they were property taxes that were due and payable during that same calendar year.

**Sec. 28. (a)** For purposes of this chapter, an individual shall be treated as an individual taxpayer of the school income tax district in which the individual:

- (1) maintains a residence, if the individual maintains only

C  
O  
P  
Y



- 1           **one (1) residence in Indiana;**
- 2           **(2) if subdivision (1) does not apply, registers to vote;**
- 3           **(3) if subdivision (1) or (2) does not apply, registers the**
- 4           **individual's personal automobile; or**
- 5           **(4) if subdivision (1), (2), or (3) does not apply, spends the**
- 6           **majority of the individual's time in Indiana during the**
- 7           **taxable year in question.**

8           **(b) Whether an individual is an individual taxpayer is**  
 9           **determined on January 1 of the calendar year in which the**  
 10           **individual's taxable year commences. If an individual changes the**  
 11           **location of the individual's residence to another school income tax**  
 12           **district in Indiana during a calendar year, the individual's liability**  
 13           **for education income tax is not affected.**

14           **Sec. 29. (a) Except as otherwise provided in this chapter, all**  
 15           **provisions of the adjusted gross income tax law (IC 6-3)**  
 16           **concerning:**

- 17           **(1) definitions;**
- 18           **(2) declarations of estimated tax;**
- 19           **(3) filing of returns;**
- 20           **(4) remittances;**
- 21           **(5) incorporation of the provisions of the Internal Revenue**
- 22           **Code;**
- 23           **(6) penalties and interest;**
- 24           **(7) exclusion of military pay credits for withholding; and**
- 25           **(8) exemptions and deductions;**

26           **apply to the imposition, collection, and administration of the tax**  
 27           **imposed by this chapter. The education income tax is a listed tax**  
 28           **and an income tax for purposes of IC 6-8.1.**

29           **(b) The provisions of IC 6-3-1-3.5(a)(5), IC 6-3-3-3, IC 6-3-3-5,**  
 30           **and IC 6-3-5-1 do not apply to the tax imposed by this chapter.**

31           **(c) Each employer shall report to the department the amount**  
 32           **of withholdings attributable to each school income tax district. The**  
 33           **report shall be submitted annually with the employer's withholding**  
 34           **report.**

35           **Sec. 30. Before February 1 of each year, the department shall**  
 36           **submit a report to each county treasurer indicating the balance in**  
 37           **the school income tax district's education income tax account at the**  
 38           **end of the preceding year. The county treasurer shall forward a**  
 39           **copy of the report to each school corporation in the school income**  
 40           **tax district.**

41           **SECTION 3. IC 6-6-5-10 IS AMENDED TO READ AS**  
 42           **FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) The bureau**

C  
O  
P  
Y



1 shall establish procedures necessary for the collection of the tax  
 2 imposed by this chapter and for the proper accounting for the same.  
 3 The necessary forms and records shall be subject to approval by the  
 4 state board of accounts.

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

12 (c) The county auditor shall determine the total amount of excise  
 13 taxes collected for each taxing unit in the county and the amount so  
 14 collected shall be apportioned and distributed among the respective  
 15 funds of each taxing unit in the same manner and at the same time as  
 16 property taxes are apportioned and distributed. **For purposes of  
 17 computing and distributing the excise taxes under this chapter,  
 18 distributions under the education income tax under IC 6-3.5-8 that  
 19 are used as property tax replacement credits shall be treated as  
 20 though the distributions were property taxes that were due and  
 21 payable during that same calendar year.**

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

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

34 **SECTION 4. An emergency is declared for this act.**

C  
O  
P  
Y

