PREVAILED Roll Call No. _______

FAILED Ayes _______

WITHDRAWN Noes _______

RULED OUT OF ORDER

HOUSE MOTION ____

MR. SPEAKER:

I move that Engrossed Senate Bill 198 be amended to read as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-30-16-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) The commission shall transfer the surplus revenue in the administrative trust fund as follows:

(1) Before the last business day of January, April, July, and October, the commission shall transfer to the treasurer of state, for deposit in the Indiana state teachers' retirement fund (IC 21-6.1-2), an amount equal to the lesser of:

(A) seven million five hundred thousand dollars ($7,500,000); or

(B) the additional quarterly contribution needed so that the ratio of the unfunded liability of the Indiana state teachers' retirement fund compared to total active teacher payroll is as close as possible to but not greater than the ratio that existed on the preceding July 1.

On or before June 15 of each year, the board of trustees of the Indiana state teachers' retirement fund shall submit to the treasurer of state, each member of the pension management oversight commission, and the auditor of state its estimate of the quarterly amount needed to freeze the unfunded accrued liability of the pre-1996 account (as defined in IC 21-6.1-1-6.9) as a percent of payroll. The estimate shall be based on the most recent actuarial valuation of the fund. Notwithstanding any other law, including any appropriations law resulting from a budget bill (as defined in IC 4-12-1-2), the money transferred under this subdivision shall be set aside in a special account to be used as a credit against the unfunded accrued liability of the pre-1996 account (as defined in IC 21-6.1-1-6.9) of the Indiana state teachers' retirement fund. The money transferred is in addition to the appropriation needed to pay benefits for the state fiscal year.

(2) Before the last business day of January, April, July, and October, the commission shall transfer two million five hundred thousand dollars ($2,500,000) of the surplus revenue to the treasurer of state for deposit in the pension relief fund (IC 5-10.3-11).

(3) Before the last business day of January, April, July, and October, the commission shall transfer two million five hundred thousand dollars ($2,500,000) of the surplus revenue to the treasurer of state for deposit in the "m portion" of the pension relief fund (IC 5-10.3-11).

~~(3)~~ **(4)** The surplus revenue remaining in the fund on the last day of January, April, July, and October after the transfers under subdivisions (1) ~~and (2)~~ **through (3)** shall be transferred by the commission to the treasurer of state for deposit on that day in the build Indiana fund.

(b) The commission may make transfers to the treasurer of state more frequently than required by subsection (a). However, the number of transfers does not affect the amount that is required to be transferred for the purposes listed in subsection (a)(1) ~~and (a)(2).~~ **through (a)(3).** Any amount transferred during the month in excess of the amount required to be transferred for the purposes listed in subsection (a)(1) ~~and (a)(2)~~ **through (a)(3)** shall be transferred to the build Indiana fund.

SECTION 2. IC 5-10.3-11-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. **(a)** There is created within the public employees' retirement fund a separate account known as the pension relief fund. This fund is administered by the board of trustees of the public employees' retirement fund, referred to as the "state board" in this chapter. The pension relief fund consists of revenues received under IC 6-7-1-28.1(4), IC 7.1-4-12-1, any appropriations to the fund, and earnings on these revenues.

(b) There is annually appropriated to the "m portion" of the pension relief fund one hundred million dollars ($100,000,000) from the state general fund for carrying out the purposes of the pension relief fund.

SECTION 3. IC 6-1.1-12-9 (CURRENT VERSION) IS AMENDED

TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]: Sec. 9. (a) An individual may obtain a deduction from the assessed value of the individual's real property, or mobile home which is not assessed as real property, if:

(1) the individual is at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of:

(A) the individual and the individual's spouse; or

(B) the individual and all other individuals with whom:

(i) the individual shares ownership; or

(ii) the individual is purchasing the property under a contract;

as joint tenants or tenants in common;

for the calendar year preceding the year in which the deduction is claimed did not exceed ~~twenty~~ **twenty-five** thousand dollars ~~($20,000);~~ **($25,000);**

(3) the individual has owned the real property or mobile home for at least one (1) year before claiming the deduction; or the individual has been buying the real property under a contract that provides that the individual is to pay the property taxes on the real property or mobile home for at least one (1) year before claiming the deduction, and the contract or a memorandum of the contract is recorded in the county recorder's office;

(4) the individual and any individuals covered by subdivision (2)(B) reside on the real property or in the mobile home;

(5) the assessed value of the real property or mobile home does not exceed ~~twenty-one~~ **twenty-three** thousand dollars ~~($21,000);~~ **($23,000);** and

(6) the individual receives no other property tax deduction for the year in which the deduction is claimed, except the deductions provided by sections 1, 37, and 38 of this chapter.

(b) Except as provided in subsection (h), in the case of real property, an individual's deduction under this section equals ~~one~~ **the lesser of:**

(1) one-half (1/2) of the assessed value of the real property; or

(2) two thousand dollars ~~($1,000).~~ **($2,000).**

(c) Except as provided in subsection (h), in the case of a mobile home which is not assessed as real property, an individual's deduction under this section equals the lesser of:

(1) one-half (1/2) of the assessed value of the mobile home; or

(2) ~~one~~ **two** thousand dollars ~~($1,000).~~ **($2,000).**

(d) An individual may not be denied the deduction provided under this section because the individual is absent from the real property or a mobile home while in a nursing home or hospital.

(e) For purposes of this section, if real property or a mobile home is owned by:

(1) tenants by the entirety;

(2) joint tenants; or

(3) tenants in common;

only one (1) deduction may be allowed. However, the age requirement is satisfied if any one (1) of the tenants is at least sixty-five (65) years of age.

(f) A surviving spouse is entitled to the deduction provided by this section if:

(1) the surviving spouse is at least sixty (60) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the surviving spouse's deceased husband or wife was at least sixty-five (65) years of age at the time of a death;

(3) the surviving spouse has not remarried; and

(4) the surviving spouse satisfies the requirements prescribed in subsection (a)(2) through (a)(6).

(g) An individual who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the deduction provided under this section against that real property.

(h) In the case of tenants covered by subsection (a)(2)(B), if all of the tenants are not at least sixty-five (65) years of age, the deduction allowed under this section shall be reduced by an amount equal to the deduction multiplied by a fraction. The numerator of the fraction is the number of tenants who are not at least sixty-five (65) years of age, and the denominator is the total number of tenants.

SECTION 4. IC 6-1.1-12-9 (DELAYED VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 2, 2001]: Sec. 9. (a) An individual may obtain a deduction from the assessed value of the individual's real property, or mobile home which is not assessed as real property, if:

(1) the individual is at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the combined adjusted gross income (as defined in Section 62 of the Internal Revenue Code) of:

(A) the individual and the individual's spouse; or

(B) the individual and all other individuals with whom:

(i) the individual shares ownership; or

(ii) the individual is purchasing the property under a contract;

as joint tenants or tenants in common;

for the calendar year preceding the year in which the deduction is claimed did not exceed ~~twenty~~ **twenty-five** thousand dollars ~~($20,000);~~ **($25,000);**

(3) the individual has owned the real property or mobile home for at least one (1) year before claiming the deduction; or the individual has been buying the real property under a contract that provides that the individual is to pay the property taxes on the real property or mobile home for at least one (1) year before claiming the deduction, and the contract or a memorandum of the contract is recorded in the county recorder's office;

(4) the individual and any individuals covered by subdivision (2)(B) reside on the real property or in the mobile home;

(5) the assessed value of the real property or mobile home does not exceed ~~sixty-three~~ **sixty-nine** thousand dollars ~~($63,000);~~ **($69,000);** and

(6) the individual receives no other property tax deduction for the year in which the deduction is claimed, except the deductions provided by sections 1, 37, and 38 of this chapter.

(b) Except as provided in subsection (h), in the case of real property, an individual's deduction under this section equals ~~three~~ **the lesser of:**

(1) one-half (1/2) of the assessed value of the real property; or

(2) six thousand dollars ~~($3,000).~~ **($6,000).**

(c) Except as provided in subsection (h), in the case of a mobile home which is not assessed as real property, an individual's deduction under this section equals the lesser of:

(1) one-half (1/2) of the assessed value of the mobile home; or

(2) ~~three~~ **six** thousand dollars ~~($3,000).~~ **($6,000).**

(d) An individual may not be denied the deduction provided under this section because the individual is absent from the real property or a mobile home while in a nursing home or hospital.

(e) For purposes of this section, if real property or a mobile home is owned by:

(1) tenants by the entirety;

(2) joint tenants; or

(3) tenants in common;

only one (1) deduction may be allowed. However, the age requirement is satisfied if any one (1) of the tenants is at least sixty-five (65) years of age.

(f) A surviving spouse is entitled to the deduction provided by this section if:

(1) the surviving spouse is at least sixty (60) years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed;

(2) the surviving spouse's deceased husband or wife was at least sixty-five (65) years of age at the time of a death;

(3) the surviving spouse has not remarried; and

(4) the surviving spouse satisfies the requirements prescribed in subsection (a)(2) through (a)(6).

(g) An individual who has sold real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property may not claim the deduction provided under this section against that real property.

(h) In the case of tenants covered by subsection (a)(2)(B), if all of the tenants are not at least sixty-five (65) years of age, the deduction allowed under this section shall be reduced by an amount equal to the deduction multiplied by a fraction. The numerator of the fraction is the number of tenants who are not at least sixty-five (65) years of age, and the denominator is the total number of tenants.

SECTION 5. IC 6-1.1-20.9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

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

(1) the percentage prescribed in subsection (d); multiplied by

(2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is attributable to the homestead during the particular calendar year.

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

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

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 ~~through 2001~~ **and thereafter**	10%
~~2002 and thereafter~~	~~4%~~

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

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

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

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

(1) an individual uses the residence as the individual's principal place of residence;

(2) the residence is located in Indiana;

(3) the individual has a beneficial interest in the taxpayer;

(4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and

(5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.".

Page 1, line 10, after "to" insert ":".

Page 1, line 10, before "any" begin a new line double block indented and insert:

"**(A)**".

Page 1, line 13, after "States" insert ";".

Page 1, line 13, strike "or" and insert "**and**".

Page 1, line 13, before "for" begin a new line double block indented and insert:

"**(B) fifty percent (50%) of any deduction or deductions allowed or allowable under Section 62 of the Internal Revenue Code**".

Page 2, line 12, after "(A)" insert "**one thousand**".

Page 2, line 12, strike "($500)" and insert "**($1,500)**".

Page 2, line 14, after "1996" delete "," and insert ";".

Page 2, line 15, strike "before January 1, 2001;".

Page 2, line 15, after "2001;" delete "and".

Page 3, between lines 24 and 25, begin a new line block indented and insert:

"**(15) For an individual who qualifies for a deduction under Section 162(l) of the Internal Revenue Code, subtract the**

portion of the insurance paid that constitutes medical care for the individual and the individual's spouse and dependents that is not allowed as a deduction under Section 162(l) of the Internal Revenue Code because of Section 162(l)(1)(B). However, in the case of an individual who is a shareholder of a corporation described in IC 6-3-2-2.8(2) that conducts business both within Indiana and outside Indiana or who is a partner in a partnership that conducts business both within Indiana and outside Indiana, subtract an amount equal to the payments made by the corporation or partnership that constitutes medical care for the individual and the individual's spouse and dependents that is not allowed as a deduction under Section 162(l) of the Internal Revenue Code because of Section 162(l)(1)(B), multiplied by a fraction. The numerator of the fraction is the individual's distributive share of income or loss of the corporation or partnership that the individual includes in adjusted gross income, in the case of a resident person, or includes in adjusted gross income derived from sources within Indiana, in the case of a nonresident person, for purposes of IC 6-3-2-1. The denominator of the fraction is the individual's total distributive share of income or loss of the corporation or partnership. The limitations set forth in Section 162(l)(2) of the Internal Revenue Code apply for purposes of this subdivision.

(16) For taxable years beginning after 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.".

Page 3, line 33, after "to" insert ":".

Page 3, line 33, before "any" begin a new line double block indented and insert:

"**(A)**".

Page 3, line 36, after "States" insert ";".

Page 3, line 36, strike "or" and insert "**and**".

Page 3, line 36, before "for" begin a new line double block indented and insert:

"**(B) fifty percent (50%) of any deduction or deductions allowed or allowable under Section 62 of the Internal Revenue Code**".

Page 4, delete lines 3 through 5, begin a new paragraph and insert:

"SECTION 7. IC 6-3-2-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]: Sec. 6. (a) Each taxable year, an individual who rents a dwelling for use as his principal place of residence may deduct from his adjusted gross income, as defined in IC 6-3-1-3.5(a), the lesser of:

(1) the amount of rent paid by him with respect to the dwelling during the taxable year; or

(2) ~~one~~ **two** thousand ~~five~~ ~~hundred~~ dollars ~~($1,500).~~ **($2,000).**

(b) Notwithstanding subsection (a), a husband and wife filing a joint adjusted gross income tax return for a particular taxable year may not claim a deduction under this section of more than ~~one~~ **two** thousand ~~five~~ ~~hundred~~ dollars ~~($1,500).~~ **($2,000).**

(c) The deduction provided by this section does not apply to an individual who rents a dwelling that is exempt from Indiana property tax.

(d) For purposes of this section, a "dwelling" includes a single family dwelling and unit of a multi-family dwelling.

SECTION 8. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]:

Chapter 20. Credit for Property Taxes Paid on Inventory

Sec. 1. As used in this chapter, "assessed value" means the assessed value of inventory determined under IC 6-1.1-3.

Sec. 2. As used in this chapter, "inventory" has the meaning set forth in IC 6-1.1-3-11.

Sec. 3. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2); or

(2) a partnership.

Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (gross income tax);

(2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

(3) IC 6-3-8 (supplemental net income tax);

(4) IC 6-5.5 (financial institutions tax); and

(5) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 6. (a) A taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the ad valorem property taxes paid by the taxpayer in the taxable year on inventory.

(b) The amount of the credit is equal to the product of:

(1) the appropriate percentage specified in subsection (c); multiplied by

(2) the amount of property taxes paid on inventory by the taxpayer during the taxable year.

(c) The percentage described in subsection (b)(1) is determined

by the calendar year in which the property taxes on inventory are paid and is set forth in the following table:

CALENDAR YEAR IN WHICH INVENTORY TAXES ARE PAID	**PERCENTAGE OF INVENTORY TAXES ALLOWED AS A CREDIT**
1999	**10%**
2000	**20%**
2001	**30%**
2002	**40%**
2003	**50%**
2004	**60%**
2005	**70%**
2006	**80%**
2007	**90%**
2008 and thereafter	**100%**

(d) If a taxpayer pays property taxes in two (2) different calendar years during the taxpayer's same taxable year, the taxpayer shall apply the appropriate percentage specified for each calendar year to the property taxes paid in each calendar year to compute the credit for the taxable year.

Sec. 7. (a) If the amount determined under section 6(b) of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

(b) A taxpayer is not entitled to a refund of any unused credit.

Sec. 8. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 9. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of payment of an ad valorem property tax and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 9. IC 6-5.5-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]:

Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(C) An amount equal to:

(i) a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States; ~~or~~ **and**

(ii) fifty percent (50%) of any deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes on property levied by a state or a subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

(1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by

(2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

(1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and

(2) solicits or receives a payment to be made to itself and issues in exchange for the payment:

(A) a so-called bond;

(B) a share;

(C) a coupon;

(D) a certificate of membership;

(E) an agreement;

(F) a pretended agreement; or

(G) other evidences of obligation;

entitling the holder to anything of value at some future date if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 10. IC 21-6.1-2-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) It is the intent of the 1995 session of the general assembly that the state create a program to stabilize the state's general fund teacher pension expenditures as a percentage of the general fund budget.

(b) The pension stabilization fund is established. The pension stabilization fund shall be a part of the pre-1996 account and shall be administered by the board of trustees of TRF in accordance with the powers and duties granted to the board of trustees in IC 21-6.1-3-6, IC 21-6.1-3-7, and IC 21-6.1-3-9 through IC 21-6.1-3-15.

(c) Amounts allocated to the pension stabilization fund under IC 4-30-16-3, a portion of employer reserve balance (as determined by the budget director so that the employer reserve is sufficient for the cash flow needs), and other amounts appropriated to the pension stabilization fund by the general assembly shall be deposited in the pension stabilization fund.

(d) Expenditures from the fund may not be made until state fiscal year 2006. After state fiscal year 2006, payments from the fund will equal the pre-1996 Indiana state teachers' retirement fund pension liabilities for the current fiscal year minus the prior year's state general fund payments for the pre-1996 Indiana state teachers' retirement fund times the pension stabilization percentage. The pension stabilization percentage shall be set at one hundred six percent (106%). The budget agency, after review by the state budget committee and with the approval of the governor, may change the pension stabilization percentage such that the present value **of** future payments from the fund equal the fund's balance plus the present value of future receipts to the fund, but the payments may not allow the fund balance to be negative.

(e) Money in the pension stabilization fund at the end of a state fiscal year does not revert to the state general fund.

(f) There is annually appropriated to the pension stabilization fund one hundred million dollars ($100,000,000) from the state general fund for carrying out the purposes of the pension stabilization fund.

SECTION 11. [EFFECTIVE JULY 1, 1999] **(a) On the twenty-fifth day of each month, beginning July 25, 1999, and ending June 25, 2001, the auditor of state shall transfer eight million three hundred thirty-three thousand three hundred thirty-three dollars ($8,333,333) from the state general fund to the local road and street account established by IC 8-14-2-4. The transfers required under this SECTION are annually appropriated from the state general fund.**

(b) This SECTION expires July 1, 2001.

SECTION 12. [EFFECTIVE JULY 1, 1999] **IC 6-1.1-12-9, as amended by this act, applies to property taxes first due and payable after December 31, 1999.**

SECTION 13. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)] **IC 6-3-1-3.5, IC 6-3-2-6, IC 6-5.5-1-2, IC 6-3.1-20, all as amended by this act, apply to taxable years beginning after December 31, 1998.**".

Renumber all SECTIONS consecutively.
(Reference is to ESB 198 as printed April 5, 1999.)

Representative Espich