

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WITHDRAWN	Noes _____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:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 4-4-8-9 IS AMENDED TO READ AS FOLLOWS
- 4 [EFFECTIVE JANUARY 1, 2000]: Sec. 9. Any qualified entity
- 5 receiving a loan under this chapter may levy an annual tax on personal
- 6 and real property located within its geographical limits for industrial
- 7 development purposes, in addition to any other tax authorized by
- 8 statute to be levied for such purposes, at such rate as will produce
- 9 sufficient revenue to pay the annual installment and interest on any
- 10 loan made under this chapter. Such a tax may be in addition to the
- 11 maximum annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5,
- 12 ~~IC 6-1.1-19~~, and other statutes.
- 13 SECTION 2. IC 6-1.1-17-1.5 IS ADDED TO THE INDIANA
- 14 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 15 [EFFECTIVE JULY 1, 1999]: **Sec. 1.5. (a) Only the following**
- 16 **provisions of this chapter apply to the general fund of a school**
- 17 **corporation:**
- 18 (1) **Section 2 of this chapter.**
- 19 (2) **Section 3 of this chapter.**
- 20 (3) **Section 5 of this chapter.**
- 21 (4) **Section 5.1 of this chapter.**
- 22 (b) **A school corporation shall:**
- 23 (1) **advertise the final budget for the school corporation's**
- 24 **general fund at the same time the school corporation**

- 1 **advertises the budget for other funds; and**
 2 **(2) report the budgeted amounts to the state board of tax**
 3 **commissioners in the form and at the times prescribed by the**
 4 **state board of tax commissioners.**

5 SECTION 3. IC 6-1.1-17-8 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. (a) If the
 7 county board of tax adjustment determines that the maximum aggregate
 8 tax rate permitted within a political subdivision under IC ~~1971~~,
 9 6-1.1-18 is inadequate, the county board shall ~~subject to the limitations~~
 10 ~~prescribed in IC, 1971, 6-1.1-19-2~~, file its written recommendations in
 11 duplicate with the county auditor. The board shall include with its
 12 recommendations:

- 13 (1) an analysis of the aggregate tax rate within the political
 14 subdivision;
 15 (2) a recommended breakdown of the aggregate tax rate among
 16 the political subdivisions whose tax rates compose the aggregate
 17 tax rate within the political subdivision; and
 18 (3) any other information which the county board considers
 19 relevant to the matter.

20 (b) The county auditor shall forward one (1) copy of the county
 21 board's recommendations to the state board of tax commissioners and
 22 shall retain the other copy in ~~his~~ **the county auditor's** office. The state
 23 board of tax commissioners shall, in the manner prescribed in section
 24 16 of this chapter, review the budgets, tax rates, and tax levies of the
 25 political subdivisions described in subsection (a)(2) of this section.

26 SECTION 4. IC 6-1.1-17-16 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 16. (a) Subject to
 28 the limitations and requirements prescribed in this section, the state
 29 board of tax commissioners may revise, reduce, or increase a political
 30 subdivision's budget, tax rate, or tax levy which the board reviews
 31 under section 8 or 10 of this chapter.

32 (b) Subject to the limitations and requirements prescribed in this
 33 section, the state board of tax commissioners may review, revise,
 34 reduce, or increase the budget, tax rate, or tax levy of any of the
 35 political subdivisions whose tax rates compose the aggregate tax rate
 36 within a political subdivision whose budget, tax rate, or tax levy is the
 37 subject of an appeal initiated under this chapter.

38 (c) Except as provided in subsection (i), before the state board of tax
 39 commissioners reviews, revises, reduces, or increases a political
 40 subdivision's budget, tax rate, or tax levy under this section, the board
 41 must hold a public hearing on the budget, tax rate, and tax levy. The
 42 board shall hold the hearing in the county in which the political
 43 subdivision is located. The board may consider the budgets, tax rates,
 44 and tax levies of several political subdivisions at the same public
 45 hearing. At least five (5) days before the date fixed for a public hearing,
 46 the board shall give notice of the time and place of the hearing and of

1 the budgets, levies, and tax rates to be considered at the hearing. The
 2 board shall publish the notice in two (2) newspapers of general
 3 circulation published in the county. However, if only one (1)
 4 newspaper of general circulation is published in the county, the board
 5 shall publish the notice in that newspaper.

6 (d) Except as provided in subsection (h) ~~IC 6-1.1-19~~; or
 7 IC 6-1.1-18.5, the state board of tax commissioners may not increase
 8 a political subdivision's budget, tax rate, or tax levy to an amount which
 9 exceeds the amount originally fixed by the political subdivision. The
 10 state board of tax commissioners shall give the political subdivision
 11 written notification specifying any revision, reduction, or increase the
 12 state board of tax commissioners proposes in a political subdivision's
 13 tax levy or tax rate. The political subdivision has one (1) week from the
 14 date the political subdivision receives the notice to provide a written
 15 response to the state board of tax commissioners' Indianapolis office
 16 specifying how to make the required reductions in the amount budgeted
 17 for each office or department. The state board of tax commissioners
 18 shall make reductions as specified in the political subdivision's
 19 response if the response is provided as required by this subsection and
 20 sufficiently specifies all necessary reductions. The state board of tax
 21 commissioners may make a revision, a reduction, or an increase in a
 22 political subdivision's budget only in the total amounts budgeted for
 23 each office or department within each of the major budget
 24 classifications prescribed by the state board of accounts.

25 (e) The state board of tax commissioners may not approve a levy for
 26 lease payments by a city, town, county, library, or school corporation
 27 if the lease payments are payable to a building corporation for use by
 28 the building corporation for debt service on bonds and if:

- 29 (1) no bonds of the building corporation are outstanding; or
- 30 (2) the building corporation has enough legally available funds on
 31 hand to redeem all outstanding bonds payable from the particular
 32 lease rental levy requested.

33 (f) The action of the state board of tax commissioners on a budget,
 34 tax rate, or tax levy is final. The board shall certify its action to:

- 35 (1) the county auditor; and
- 36 (2) the political subdivision if the state board acts pursuant to an
 37 appeal initiated by the political subdivision.

38 (g) The state board of tax commissioners is expressly directed to
 39 complete the duties assigned to it under this section not later than
 40 February ~~15th~~ 15 of each year for taxes to be collected during that year.

41 (h) Subject to the provisions of all applicable statutes, the state
 42 board of tax commissioners may increase a political subdivision's tax
 43 levy to an amount that exceeds the amount originally fixed by the
 44 political subdivision if the increase is:

- 45 (1) requested in writing by the officers of the political
 46 subdivision;

- 1 (2) either:
 2 (A) based on information first obtained by the political
 3 subdivision after the public hearing under section 3 of this
 4 chapter; or
 5 (B) results from an inadvertent mathematical error made in
 6 determining the levy; and
 7 (3) published by the political subdivision according to a notice
 8 provided by the state board of tax commissioners.

9 (i) The state board of tax commissioners shall annually review the
 10 budget of each school corporation not later than April 1. The state
 11 board of tax commissioners shall give the school corporation written
 12 notification specifying any revision, reduction, or increase the state
 13 board of tax commissioners proposes in the school corporation's
 14 budget. A public hearing is not required in connection with this review
 15 of the budget.

16 SECTION 5. IC 6-1.1-17-17 IS AMENDED TO READ AS
 17 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 17. Subject to the
 18 limitations contained in ~~IC 6-1.1-19~~ and IC 6-1.1-18.5, the state board
 19 of tax commissioners may at any time increase the tax rate and tax levy
 20 of a political subdivision for the following reasons:

- 21 (1) To pay the principal or interest upon a funding, refunding, or
 22 judgment funding obligation of a political subdivision.
 23 (2) To pay the interest or principal upon an outstanding obligation
 24 of the political subdivision.
 25 (3) To pay a judgment rendered against the political subdivision.
 26 (4) To pay lease rentals that have become an obligation of the
 27 political subdivision under IC 21-5-11 or IC 21-5-12.

28 SECTION 6. IC 6-1.1-17-19 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 19. If there is a
 30 conflict between the provisions of this chapter and the provisions of
 31 ~~IC 6-1.1-19~~ or IC 6-1.1-18.5, the provisions of ~~the latter two (2)~~
 32 **chapters IC 6-1.1-18.5** control with respect to the adoption of, review
 33 of, and limitations on budgets, tax rates, and tax levies.

34 SECTION 7. IC 6-1.1-18-3 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) Except as
 36 provided in subsection (b), the sum of all tax rates for all political
 37 subdivisions imposed on tangible property within a political
 38 subdivision may not exceed:

- 39 (1) one dollar and twenty-five cents (\$1.25) on each one hundred
 40 dollars (\$100) of assessed valuation in territory outside the
 41 corporate limits of a city or town; or
 42 (2) two dollars (\$2) on each one hundred dollars (\$100) of
 43 assessed valuation in territory inside the corporate limits of a city
 44 or town.

45 (b) The proper officers of a political subdivision shall fix tax rates
 46 which are sufficient to provide funds for the purposes itemized in this

1 subsection. The portion of a tax rate fixed by a political subdivision
 2 shall not be considered in computing the tax rate limits prescribed in
 3 subsection (a) if that portion is to be used for one (1) of the following
 4 purposes:

5 (1) To pay the principal or interest on a funding, refunding, or
 6 judgment funding obligation of the political subdivision.

7 (2) To pay the principal or interest on an outstanding obligation
 8 issued by the political subdivision if notice of the sale of the
 9 obligation was published before March 9, 1937.

10 (3) To pay the principal or interest upon:

11 (A) an obligation issued by the political subdivision to meet an
 12 emergency which results from a flood, fire, pestilence, war, or
 13 any other major disaster; or

14 (B) a note issued under IC 36-2-6-18, IC 36-3-4-22,
 15 IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county
 16 to acquire necessary equipment or facilities for municipal or
 17 county government.

18 (4) To pay the principal or interest upon an obligation issued in
 19 the manner provided in IC 6-1.1-20-3 (before its repeal) or
 20 IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

21 (5) To pay a judgment rendered against the political subdivision.

22 (6) To meet the requirements of the county welfare fund, the
 23 county welfare administration fund, for public welfare services,
 24 or the family and children's fund for child services (as defined in
 25 IC 12-19-7-1).

26 (7) To meet the requirements of the county hospital care for the
 27 indigent fund.

28 (c) Except as otherwise provided in IC ~~6-1.1-19~~ or IC 6-1.1-18.5, a
 29 county board of tax adjustment, a county auditor, or the state board of
 30 tax commissioners may review the portion of a tax rate described in
 31 subsection (b) only to determine if it exceeds the portion actually
 32 needed to provide for one (1) of the purposes itemized in that
 33 subsection.

34 SECTION 8. IC 6-1.1-18-3 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE MARCH 1, 2002]: Sec. 3. (a) Except as
 36 provided in subsection (b), the sum of all tax rates for all political
 37 subdivisions imposed on tangible property within a political
 38 subdivision may not exceed:

39 (1) forty-one and sixty-seven hundredths cents (\$0.4167) on each
 40 one hundred dollars (\$100) of assessed valuation in territory
 41 outside the corporate limits of a city or town; or

42 (2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each
 43 one hundred dollars (\$100) of assessed valuation in territory
 44 inside the corporate limits of a city or town.

45 (b) The proper officers of a political subdivision shall fix tax rates
 46 which are sufficient to provide funds for the purposes itemized in this

1 subsection. The portion of a tax rate fixed by a political subdivision
 2 shall not be considered in computing the tax rate limits prescribed in
 3 subsection (a) if that portion is to be used for one (1) of the following
 4 purposes:

5 (1) To pay the principal or interest on a funding, refunding, or
 6 judgment funding obligation of the political subdivision.

7 (2) To pay the principal or interest on an outstanding obligation
 8 issued by the political subdivision if notice of the sale of the
 9 obligation was published before March 9, 1937.

10 (3) To pay the principal or interest upon:

11 (A) an obligation issued by the political subdivision to meet an
 12 emergency which results from a flood, fire, pestilence, war, or
 13 any other major disaster; or

14 (B) a note issued under IC 36-2-6-18, IC 36-3-4-22,
 15 IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county
 16 to acquire necessary equipment or facilities for municipal or
 17 county government.

18 (4) To pay the principal or interest upon an obligation issued in
 19 the manner provided in IC 6-1.1-20-3 (before its repeal) or
 20 IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

21 (5) To pay a judgment rendered against the political subdivision.

22 (6) To meet the requirements of the county welfare fund, the
 23 county welfare administration fund, for public welfare services,
 24 or the family and children's fund for child services (as defined in
 25 IC 12-19-7-1).

26 (7) To meet the requirements of the county hospital care for the
 27 indigent fund.

28 (c) Except as otherwise provided in ~~IC 6-1.1-19~~ or IC 6-1.1-18.5, a
 29 county board of tax adjustment, a county auditor, or the state board of
 30 tax commissioners may review the portion of a tax rate described in
 31 subsection (b) only to determine if it exceeds the portion actually
 32 needed to provide for one (1) of the purposes itemized in that
 33 subsection.

34 SECTION 9. IC 6-1.1-18-11 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 11. If there is a
 36 conflict between the provisions of this chapter and the provisions of
 37 ~~IC 6-1.1-19~~ or IC 6-1.1-18.5, the provisions of ~~the latter two (2)~~
 38 **chapters IC 6-1.1-18.5** control with respect to the adoption of, review
 39 of, and limitations on budgets, tax rates, and tax levies.

40 SECTION 10. IC 6-1.1-19.1 IS ADDED TO THE INDIANA CODE
 41 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 42 JANUARY 1, 2000]:

43 **Chapter 19.1. School Property Tax Controls**

44 **Sec. 1. As used throughout the Indiana Code, "ADA" means, as**
 45 **to any school corporation, the average number of pupils in daily**
 46 **attendance in the school corporation, determined in accordance**

- 1 with the rules adopted by the Indiana state board of education.
- 2 **Sec. 2.** As used throughout the Indiana Code, "ADA ratio"
- 3 means, as to any school corporation, the quotient resulting from a
- 4 division of that school corporation's current ADA by that school
- 5 corporation's ADA for the school year ending in 1973. However, in
- 6 any case in which the quotient is less than one (1), the ADA ratio
- 7 for the school corporation is one (1).
- 8 **Sec. 3.** The state board of tax commissioners, in determining
- 9 whether to approve or disapprove a school building construction
- 10 project, shall consider the following factors:
- 11 (1) The current and proposed square footage of school
- 12 building space per student.
- 13 (2) Enrollment patterns within the school corporation.
- 14 (3) The age and condition of the current school facilities.
- 15 (4) The cost per square foot of the school building
- 16 construction project.
- 17 (5) The effect that completion of the school building
- 18 construction project would have on the school corporation's
- 19 tax rate.
- 20 (6) Any other pertinent matter.
- 21 **Sec. 4.** The state board of tax commissioners, in determining
- 22 whether to approve or disapprove a school building construction
- 23 project, may not approve or recommend the approval of a project
- 24 that is financed through the issuance of bonds if the bonds mature
- 25 more than twenty-five (25) years after the date of the bonds'
- 26 issuance.
- 27 **Sec. 5. (a)** A school corporation may appeal to the state board
- 28 of tax commissioners to increase the maximum operating costs
- 29 account levy that is permitted for the school corporation's
- 30 operating costs account of its transportation fund under
- 31 IC 21-2-11.5. To be granted an increase by the state board of tax
- 32 commissioners, the school corporation must establish that the
- 33 increase is necessary because of a transportation operating cost
- 34 increase of at least ten percent (10%) over the preceding year as a
- 35 result of at least one (1) of the following:
- 36 (1) A fuel expense increase.
- 37 (2) A significant increase in the number of students enrolled
- 38 in the school corporation and needing transportation or a
- 39 significant increase in the mileage traveled by the school
- 40 corporation's buses compared to the previous year.
- 41 (3) A significant increase in the number of students enrolled
- 42 in special education and needing transportation or a
- 43 significant increase in the mileage traveled by the school
- 44 corporation's buses due to students enrolled in special
- 45 education as compared to the previous year.
- 46 (4) Increased transportation operating costs due to

1 compliance with a court ordered desegregation plan.

2 (5) The closure of a school building within the school
3 corporation that results in a significant increase in the
4 distances that students must be transported to attend another
5 school building.

6 Before the state board of tax commissioners may grant a maximum
7 operating costs account levy increase, the school corporation must
8 establish that the school corporation will be unable to provide
9 transportation services without an increase. The state board of tax
10 commissioners may grant a maximum operating costs account levy
11 increase that is less than the increase requested by the school
12 corporation.

13 (b) If the state board of tax commissioners determines that a
14 permanent increase in the maximum permissible operating costs
15 account levy is necessary, the maximum operating costs account
16 levy after the increase granted under this section becomes the
17 school corporation's maximum permissible transportation fund
18 operating costs account levy under IC 21-2-11.5.

19 Sec. 6. (a) A school corporation may not incur bond
20 indebtedness, enter into a lease rental agreement, or repay from
21 the debt service fund loans made for the purchase of school buses
22 under IC 20-9.1-6-5, unless the school corporation has first
23 obtained the state board of tax commissioners' approval of the
24 lease rental agreement, bond issue, or school bus purchase loan.
25 This restriction does not apply to ad valorem property taxes that
26 a school corporation levies to pay or fund bond or lease rental
27 indebtedness created or incurred before July 1, 1974.

28 (b) The state board of tax commissioners may either approve,
29 disapprove, or modify and then approve a school corporation's
30 proposed lease rental agreement, bond issue, or school bus
31 purchase loan.

32 (c) The state board of tax commissioners shall make a decision
33 not more than three (3) months after the date it receives a request
34 for approval under subsection (a). However, the state board of tax
35 commissioners may extend this three (3) month period by an
36 additional three (3) months if, at least ten (10) days before the end
37 of the original three (3) month period, the board sends notice of the
38 extension to the executive officer of the school corporation.

39 (d) The state board of tax commissioners may not approve a
40 school corporation's proposed lease rental agreement or bond issue
41 to finance the construction of additional classrooms unless the
42 school corporation first:

43 (1) establishes that additional classroom space is necessary;
44 and

45 (2) conducts a feasibility study, holds public hearings, and
46 hears public testimony on using a twelve (12) month school

1 term (instead of the nine (9) month school term (as defined in
2 IC 20-10.1-2-2)) rather than expanding classroom space.

3 (e) This section does not apply to school bus purchase loans
4 made by a school corporation that will be repaid solely from the
5 general fund of the school corporation.

6 Sec. 7. (a) This section applies to a school corporation that:

7 (1) is located in a county having a population of more than
8 three hundred thousand (300,000) but less than four hundred
9 thousand (400,000);

10 (2) is a party to a lawsuit alleging that its schools are
11 segregated in violation of the Constitution of the United States
12 or federal law;

13 (3) desires to improve or maintain racial balance among two
14 (2) or more schools within the school corporation, regardless
15 of the school corporation's basis for desiring to improve or
16 maintain racial balance; and

17 (4) has a minority student enrollment that comprises at least
18 ten percent (10%) of its total student enrollment, using the
19 most recent enrollment data available to the school
20 corporation.

21 (b) As used in this section, "minority student" means a student
22 who is black, Spanish American, Asian American, or American
23 Indian.

24 (c) A school corporation may establish a racial balance fund and
25 petition the state board of tax commissioners to impose an ad
26 valorem property tax to raise revenue for the fund. However,
27 before a school corporation may impose an ad valorem property
28 tax under this section, the school corporation must file a petition
29 with the state board of tax commissioners. The petition must be
30 filed before June 1 of the year preceding the first year the school
31 corporation desires to impose the property tax and must include
32 the following:

33 (1) The name of the school corporation.

34 (2) A settlement agreement among the parties to a
35 desegregation lawsuit that includes a program that will
36 improve or maintain racial balance in the school corporation.

37 (3) The proposed property tax levy.

38 (4) Any other item required by the state board of tax
39 commissioners.

40 (d) The amount of the levy shall be determined each year, and
41 the levy may not exceed the lesser of the following:

42 (1) The revenue derived from a tax rate of twenty-five cents
43 (\$0.25) for each one hundred dollars (\$100) of assessed
44 valuation within the school corporation.

45 (2) The revenue derived from a tax rate equal to the
46 difference between the maximum rate allowed for the school

- 1 **corporation's capital projects fund under IC 21-2-15 minus**
- 2 **the actual capital projects fund rate that will be in effect for**
- 3 **the school corporation for a particular year.**
- 4 **(e) The state board of tax commissioners shall review the**
- 5 **petition of the school corporation and:**
- 6 **(1) disapprove the petition if the petition does not comply with**
- 7 **this section;**
- 8 **(2) approve the petition; or**
- 9 **(3) approve the petition with modifications.**
- 10 **(f) A school corporation shall deposit money received from a**
- 11 **property tax levy under this section in the school corporation's**
- 12 **racial balance fund established under this section. Money in the**
- 13 **fund may be used only for education programs that improve or**
- 14 **maintain racial balance in the school corporation. However, money**
- 15 **in the fund may not be used for:**
- 16 **(1) transportation; or**
- 17 **(2) capital improvements;**
- 18 **even though those costs may be attributable to the school**
- 19 **corporation's proposed programs for improving or maintaining**
- 20 **racial balance in the school corporation.**
- 21 SECTION 11. IC 6-1.1-20-1.1 IS AMENDED TO READ AS
- 22 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1.1. As used in
- 23 this chapter, "controlled project" means any project financed by bonds
- 24 or a lease, except for the following:
- 25 (1) A project for which the political subdivision reasonably
- 26 expects to pay:
- 27 (A) debt service; or
- 28 (B) lease rentals;
- 29 from funds other than property taxes that are exempt from the
- 30 levy limitations of IC 6-1.1-18.5. ~~or IC 6-1.1-19.~~ A project is not
- 31 a controlled project even though the political subdivision has
- 32 pledged to levy property taxes to pay the debt service or lease
- 33 rentals if those other funds are insufficient.
- 34 (2) A project that will not obligate the political subdivision to
- 35 more than two million dollars (\$2,000,000) in debt service or
- 36 lease rentals.
- 37 (3) A project that is being refinanced for the purpose of providing
- 38 gross or net present value savings to taxpayers.
- 39 (4) A project for which bonds were issued or leases were entered
- 40 into before January 1, 1996, or where the state board of tax
- 41 commissioners has approved the issuance of bonds or the
- 42 execution of leases before January 1, 1996.
- 43 (5) A project that is required by a court order holding that a
- 44 federal law mandates the project.
- 45 SECTION 12. IC 6-1.1-20-1.3 IS AMENDED TO READ AS
- 46 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1.3. As used in

1 this chapter, "lease" means a lease by a political subdivision of any
2 controlled project with lease rentals payable from property taxes that
3 are exempt from the levy limitations of IC 6-1.1-18.5. ~~or IC 6-1.1-19.~~

4 SECTION 13. IC 6-1.1-20-3.2 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3.2. If a sufficient
6 petition requesting the application of a petition and remonstrance
7 process has been filed as set forth in section 3.1 of this chapter, a
8 political subdivision may not impose property taxes to pay debt service
9 or lease rentals without completing the following procedures:

10 (1) The proper officers of the political subdivision shall give
11 notice of the applicability of the petition and remonstrance
12 process by:

- 13 (A) publication in accordance with IC 5-3-1; and
- 14 (B) first class mail to the organizations described in section
15 3.1(1)(B) of this chapter.

16 A notice under this subdivision must include a statement that any
17 owners of real property within the political subdivision who want
18 to petition in favor of or remonstrate against the proposed debt
19 service or lease payments must file petitions and remonstrances
20 in compliance with subdivisions (2) through (4) not earlier than
21 thirty (30) days or later than sixty (60) days after publication in
22 accordance with IC 5-3-1.

23 (2) Not earlier than thirty (30) days or later than sixty (60) days
24 after the notice under subdivision (1) is given:

- 25 (A) petitions (described in subdivision (3)) in favor of the
26 bonds or lease; and
- 27 (B) remonstrances (described in subdivision (3)) against the
28 bonds or lease;

29 may be filed by an owner or owners of real property within the
30 political subdivision. Each signature on a petition must be dated
31 and the date of signature may not be before the date on which the
32 petition and remonstrance forms may be issued under subdivision
33 (3). A petition described in clause (A) or a remonstrance
34 described in clause (B) must be verified in compliance with
35 subdivision (4) before the petition or remonstrance is filed with
36 the county auditor under subdivision (4).

37 (3) The state board of accounts shall design and, upon request by
38 the county auditor, deliver to the county auditor or the county
39 auditor's designated printer the petition and remonstrance forms
40 to be used solely in the petition and remonstrance process
41 described in this section. The county auditor shall issue to an
42 owner or owners of real property within the political subdivision
43 the number of petition or remonstrance forms requested by the
44 owner or owners. Each form must be accompanied by instructions
45 detailing the requirements that:

- 46 (A) the carrier and signers must be owners of real property;

- 1 (B) the carrier must be a signatory on at least one (1) petition;
- 2 (C) after the signatures have been collected, the carrier must
- 3 swear or affirm before a notary public that the carrier
- 4 witnessed each signature; and
- 5 (D) govern the closing date for the petition and remonstrance
- 6 period.

7 Persons requesting forms may not be required to identify
 8 themselves and may be allowed to pick up additional copies to
 9 distribute to other property owners. The county auditor may not
 10 issue a petition or remonstrance form earlier than twenty-nine
 11 (29) days after the notice is given under subdivision (1). The
 12 county auditor shall certify the date of issuance on each petition
 13 or remonstrance form that is distributed under this subdivision.

14 (4) The petitions and remonstrances must be verified in the
 15 manner prescribed by the state board of accounts and filed with
 16 the county auditor within the sixty (60) day period described in
 17 subdivision (2) in the manner set forth in section 3.1 of this
 18 chapter relating to requests for a petition and remonstrance
 19 process.

20 (5) The county auditor must file a certificate and the petition or
 21 remonstrance with the body of the political subdivision charged
 22 with issuing bonds or entering into leases within fifteen (15)
 23 business days of the filing of a petition or remonstrance under
 24 subdivision (4), whichever applies, containing ten thousand
 25 (10,000) signatures or less. The county auditor may take an
 26 additional five (5) days to review and certify the petition or
 27 remonstrance for each additional five thousand (5,000) signatures
 28 up to a maximum of sixty (60) days. The certificate must state the
 29 number of petitioners and remonstrators that are owners of real
 30 property within the political subdivision.

31 (6) If a greater number of owners of real property within the
 32 political subdivision sign a remonstrance than the number that
 33 signed a petition, the bonds petitioned for may not be issued or
 34 the lease petitioned for may not be entered into. The proper
 35 officers of the political subdivision may not make a preliminary
 36 determination to issue bonds or enter into a lease for the
 37 controlled project defeated by the petition and remonstrance
 38 process under this section or any other controlled project that is
 39 not substantially different within one (1) year after the date of the
 40 county auditor's certificate under subdivision (5). Withdrawal of
 41 a petition carries the same consequences as a defeat of the
 42 petition.

43 (7) After a political subdivision has gone through the petition and
 44 remonstrance process set forth in this section, the political
 45 subdivision is not required to follow any other remonstrance or
 46 objection procedures under any other law relating to bonds or

1 leases designed to protect owners of real property within the
2 political subdivision from the imposition of property taxes to pay
3 debt service or lease rentals. However, the political subdivision
4 must still receive the approval of the state board of tax
5 commissioners required by IC 6-1.1-18.5-8. ~~or IC 6-1.1-19-8.~~

6 SECTION 14. IC 6-1.1-21-2 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. As used in this
8 chapter:

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

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

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

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

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

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

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

27 (1) the remainder of:

28 (A) the aggregate levy of all taxes for all taxing units in a
29 county which are to be paid in the county for a stated
30 assessment year as reflected by the auditor's abstract for the
31 assessment year, adjusted, however, for any postabstract
32 adjustments which change the amount of the aggregate levy;
33 minus

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

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

38 (ii) the sum of any increases in property tax levies of taxing
39 units of the county that result from any other appeals
40 described in IC 6-1.1-18.5-13 filed after December 31,
41 1983; plus

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

44 (C) the total amount of property taxes imposed for the stated
45 assessment year by the taxing units of the county under the
46 authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed),

- 1 IC 12-19-5, or IC 12-20-24; minus
- 2 (D) the total amount of property taxes to be paid during the
- 3 stated assessment year that will be used to pay for interest or
- 4 principal due on debt that:
 - 5 (i) is entered into after December 31, 1983;
 - 6 (ii) is not debt that is issued under IC 5-1-5 to refund debt
 - 7 incurred before January 1, 1984; and
 - 8 (iii) does not constitute debt entered into for the purpose of
 - 9 building, repairing, or altering school buildings for which
 - 10 the requirements of IC 20-5-52 were satisfied prior to
 - 11 January 1, 1984; minus
- 12 (E) the amount of property taxes imposed in the county for the
- 13 stated assessment year under the authority of IC 21-2-6
- 14 **(repealed)** or any citation listed in IC 6-1.1-18.5-9.8 for a
- 15 cumulative building fund whose property tax rate was initially
- 16 established or reestablished for a stated assessment year that
- 17 succeeds the 1983 stated assessment year; minus
- 18 (F) the remainder of:
 - 19 (i) the total property taxes imposed in the county for the
 - 20 stated assessment year under authority of IC 21-2-6
 - 21 **(repealed)** or any citation listed in IC 6-1.1-18.5-9.8 for a
 - 22 cumulative building fund whose property tax rate was not
 - 23 initially established or reestablished for a stated assessment
 - 24 year that succeeds the 1983 stated assessment year; minus
 - 25 (ii) the total property taxes imposed in the county for the
 - 26 1984 stated assessment year under the authority of IC 21-2-6
 - 27 **(repealed)** or any citation listed in IC 6-1.1-18.5-9.8 for a
 - 28 cumulative building fund whose property tax rate was not
 - 29 initially established or reestablished for a stated assessment
 - 30 year that succeeds the 1983 stated assessment year; minus
- 31 (G) the amount of property taxes imposed in the county for the
- 32 stated assessment year under:
 - 33 (i) IC 21-2-15 for a capital projects fund; plus
 - 34 (ii) IC 6-1.1-19-10 **(repealed January 1, 1999)** or
 - 35 **IC 6-1.1-19.1-7** for a racial balance fund; plus
 - 36 (iii) IC 20-14-13 for a library capital projects fund; plus
 - 37 (iv) IC 20-5-17.5-3 for an art association fund; plus
 - 38 (v) IC 21-2-17 for a special education preschool fund; plus
 - 39 ~~(vi) an appeal filed under IC 6-1.1-19-5.1 for an increase in~~
 - 40 ~~a school corporation's maximum permissible general fund~~
 - 41 ~~levy for certain transfer tuition costs; plus~~
 - 42 ~~(vii) (vi) an appeal filed under IC 6-1.1-19-5.4 **(repealed**~~
 - 43 ~~**January 1, 1999)** or **IC 6-1.1-19.1-5** for an increase in a~~
 - 44 ~~school corporation's maximum permissible general fund levy~~
 - 45 ~~for transportation operating costs; minus~~
 - 46 ~~(H) the amount of property taxes imposed by a school~~

- 1 corporation that is attributable to the passage, after 1983, of a
- 2 referendum for an excessive tax levy under IC 6-1.1-19;
- 3 including any increases in these property taxes that are
- 4 attributable to the adjustment set forth in IC 6-1.1-19-1.5(a)
- 5 STEP ONE or any other law; minus
- 6 ~~(H)~~ (H) for each township in the county, the lesser of:
 - 7 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
 - 8 STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE,
 - 9 whichever is applicable, plus the part, if any, of the
 - 10 township's ad valorem property tax levy for calendar year
 - 11 1989 that represents increases in that levy that resulted from
 - 12 an appeal described in IC 6-1.1-18.5-13(5) filed after
 - 13 December 31, 1982; or
 - 14 (ii) the amount of property taxes imposed in the township for
 - 15 the stated assessment year under the authority of
 - 16 IC 36-8-13-4; minus
- 17 ~~(I)~~ (I) for each participating unit in a fire protection territory
- 18 established under IC 36-8-19-1, the amount of property taxes
- 19 levied by each participating unit under IC 36-8-19-8 and
- 20 IC 36-8-19-8.5 less the maximum levy limit for each of the
- 21 participating units that would have otherwise been available
- 22 for fire protection services under IC 6-1.1-18.5-3 and
- 23 IC 6-1.1-18.5-19 for that same year; minus
- 24 ~~(K)~~ (J) for each county, the sum of:
 - 25 (i) the amount of property taxes imposed in the county for
 - 26 the repayment of loans under IC 12-19-5-6 (**repealed**) that
 - 27 is included in the amount determined under IC 12-19-7-4(a)
 - 28 STEP SEVEN for property taxes payable in 1995, or for
 - 29 property taxes payable in each year after 1995, the amount
 - 30 determined under IC 12-19-7-4(b); and
 - 31 (ii) the amount of property taxes imposed in the county
 - 32 attributable to appeals granted under IC 6-1.1-18.6-3 that is
 - 33 included in the amount determined under IC 12-19-7-4(a)
 - 34 STEP SEVEN for property taxes payable in 1995, or the
 - 35 amount determined under IC 12-19-7-4(b) for property taxes
 - 36 payable in each year after 1995; plus
- 37 (2) all taxes to be paid in the county in respect to mobile home
- 38 assessments currently assessed for the year in which the taxes
- 39 stated in the abstract are to be paid; plus
- 40 (3) the amounts, if any, of county adjusted gross income taxes that
- 41 were applied by the taxing units in the county as property tax
- 42 replacement credits to reduce the individual levies of the taxing
- 43 units for the assessment year, as provided in IC 6-3.5-1.1; plus
- 44 (4) the amounts, if any, by which the maximum permissible ad
- 45 valorem property tax levies of the taxing units of the county were
- 46 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated

- 1 assessment year; plus
- 2 (5) the difference between:
 - 3 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
 - 4 minus
 - 5 (B) the amount the civil taxing units' levies were increased
 - 6 because of the reduction in the civil taxing units' base year
 - 7 certified shares under IC 6-1.1-18.5-3(e).
- 8 (h) "December settlement sheet" means the certificate of settlement
- 9 filed by the county auditor with the auditor of state, as required under
- 10 IC 6-1.1-27-3.
- 11 (i) "Tax duplicate" means the roll of property taxes which each
- 12 county auditor is required to prepare on or before March 1 of each year
- 13 under IC 6-1.1-22-3.
- 14 SECTION 15. IC 6-1.1-21.5-5 IS AMENDED TO READ AS
- 15 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 5. (a) The board
- 16 shall determine the terms of a loan made under this chapter. However,
- 17 interest may not be charged on the loan, and the loan must be repaid
- 18 before January 1, 2000.
- 19 (b) The loan shall be repaid only from property tax revenues of the
- 20 qualified taxing unit that are subject to the levy limitations imposed by
- 21 IC 6-1.1-18.5 or ~~IC 6-1.1-19~~ **from distributions under**
- 22 **IC 21-3-1.7-6.5**. The payment of any installment of principal
- 23 constitutes a first charge against such property tax revenues **or**
- 24 **distributions** as collected by the qualified taxing unit during the
- 25 calendar year the installment is due and payable.
- 26 (c) The obligation to repay the loan is not a basis for the qualified
- 27 taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5. ~~or~~
- 28 ~~IC 6-1.1-19~~.
- 29 (d) Whenever the board receives a payment on a loan made under
- 30 this chapter, the board shall deposit the amount paid in the
- 31 counter-cyclical revenue and economic stabilization fund.
- 32 SECTION 16. IC 6-1.1-21.5-6 IS AMENDED TO READ AS
- 33 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 6. (a) Except as
- 34 specifically provided in subsection (c), the receipt by the qualified
- 35 taxing unit of either the loan proceeds or any payment of delinquent tax
- 36 owed by a taxpayer in bankruptcy, or both, is not considered to be part
- 37 of the ad valorem property tax levy actually collected by the qualified
- 38 taxing unit for taxes first due and payable during a particular calendar
- 39 year for the purpose of calculating the levy excess under
- 40 IC 6-1.1-18.5-17. ~~and IC 6-1.1-19-1.7~~.
- 41 (b) The loan proceeds and any payment of delinquent tax may be
- 42 expended by the qualified taxing unit only to pay debts of the qualified
- 43 taxing unit that have been incurred pursuant to duly adopted
- 44 appropriations approved by the state board of tax commissioners for
- 45 operating expenses.
- 46 (c) In the event the sum of the receipts of the qualified taxing unit

1 that are attributable to:
 2 (1) the loan proceeds; and
 3 (2) the payment of property taxes owed by a taxpayer in a
 4 bankruptcy proceeding initially filed in 1986 and payable in
 5 respect to the second installment of taxes due and payable in
 6 November 1986, and in respect to taxes due and payable in 1987;
 7 exceeds eleven million nine hundred thousand dollars (\$11,900,000),
 8 the excess as received during any calendar year or years shall be set
 9 aside and treated for the calendar year when received as a levy excess
 10 subject to IC 6-1.1-18.5-17. ~~or IC 6-1.1-19-1.7.~~ In calculating the
 11 payment of property taxes as provided in subdivision (2), the amount
 12 of property tax credit ~~financially~~ **finally** allowed under IC 6-1.1-21-5 in
 13 respect to such taxes is deemed to be a payment of such property taxes.

14 (d) As used in this section, "delinquent tax" means any tax owed by
 15 a taxpayer in a bankruptcy proceeding initially filed in 1986 and that
 16 is not paid during the calendar year for which it was first due and
 17 payable.

18 SECTION 17. IC 6-1.1-29-9 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. (a) A county
 20 council may adopt an ordinance to abolish the county board of tax
 21 adjustment. This ordinance must be adopted by July 1 and may not be
 22 rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17,
 23 IC 6-1.1-18, ~~IC 6-1.1-19~~, IC 12-19-3, IC 12-19-7, ~~IC 21-2-14~~,
 24 IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4,
 25 and IC 36-9-13, if such an ordinance is adopted, this section governs
 26 the treatment of tax rates, tax levies, and budgets that would otherwise
 27 be reviewed by a county board of tax adjustment under IC 6-1.1-17.

28 (b) The time requirements set forth in IC 6-1.1-17 govern all filings
 29 and notices.

30 (c) A tax rate, tax levy, or budget that otherwise would be reviewed
 31 by the county board of tax adjustment is considered and must be treated
 32 for all purposes as if the county board of tax adjustment approved the
 33 tax rate, tax levy, or budget. This includes the notice of tax rates that is
 34 required under IC 6-1.1-17-12.

35 SECTION 18. IC 6-1.1-30-9 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. (a) The state
 37 board of tax commissioners shall select the following employees in the
 38 manner prescribed in this section:

- 39 (1) Field representatives.
- 40 (2) Supervisors.
- 41 (3) Employees who are selected to work in the board's division of
 42 tax review. ~~and~~

43 ~~(4) employees who are selected to perform the duties assigned to the
 44 board under IC 1971, 6-1.1-34.~~

45 (b) The state board of tax commissioners shall select each employee
 46 described in subsection (a) of this section from a list of applicants who

1 have passed an open, competitive examination ~~which that~~ tests ~~his an~~
 2 **individual's** qualifications for the position. The board shall announce
 3 the time and place of the examination in the public press before the
 4 examination is held and shall conduct the examination. The
 5 examination must be practical, and it must be related to those matters
 6 which fairly test an individual's qualifications for the position.

7 (c) The state board of tax commissioners shall:

8 (1) select field representatives and supervisors so that no more
 9 than one-half (1/2) of all those employees belong to any one (1)
 10 political party; **and**

11 (2) select, as nearly as possible, the employees described in
 12 subsection (a) (3) ~~of this section~~ so that no more than one-half (1/2)
 13 of all those employees belong to any one (1) political party. ~~and~~
 14 ~~(3) select, as nearly as possible, the employees described in~~
 15 ~~subsection (a)(4) of this section so that no more than one-half (1/2)~~
 16 ~~of those employees belong to any one (1) political party.~~

17 SECTION 19. IC 6-2.5-2-2 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) The state gross
 19 retail tax is measured by the gross retail income received by a retail
 20 merchant in a retail unitary transaction and is imposed at the following
 21 rates:

22 STATE	GROSS RETAIL INCOME		
23 GROSS	FROM THE		
24 RETAIL	RETAIL UNITARY		
25 TAX	TRANSACTION		
26 \$ 0		less than	\$.10
27 \$.01	at least \$.10,	but less than	\$.30
28 \$.02	at least \$.30,	but less than	\$.50
29 \$.03	at least \$.50,	but less than	\$.70
30 \$.04	at least \$.70,	but less than	\$.90
31 \$.05	at least \$.90,	but less than	\$1.10
32 \$.01	at least \$.10,	but less than	\$.28
33 \$.02	at least \$.28,	but less than	\$.46
34 \$.03	at least \$.46,	but less than	\$.64
35 \$.04	at least \$.64,	but less than	\$.82
36 \$.05	at least \$.82,	but less than	\$1.00
37 \$.06	at least \$ 1.00	but less than	\$1.19

38 On a retail unitary transaction in which the gross retail income received
 39 by the retail merchant is one dollar and ~~ten~~ **nineteen** cents (~~\$1.10~~)
 40 (**\$1.19**) or more, the state gross retail tax is five **and one-half** percent
 41 (~~5%~~) (**5.5%**) of that gross retail income.

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

45 SECTION 20. IC 6-2.5-5-3 IS AMENDED TO READ AS
 46 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) For

1 purposes of this section
 2 ~~(1)~~ the retreading of tires shall be treated as the processing of
 3 tangible personal property. ~~and~~
 4 ~~(2) commercial printing as described in IC 6-2.1-2-4 shall be~~
 5 ~~treated as the production and manufacture of tangible personal~~
 6 ~~property.~~

7 (b) Transactions involving manufacturing machinery, tools, and
 8 equipment are exempt from the state gross retail tax if the person
 9 acquiring that property acquires it for direct use in the direct
 10 production, manufacture, fabrication, assembly, extraction, mining,
 11 processing, refining, or finishing of other tangible personal property.

12 SECTION 21. IC 6-2.5-5-21 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 21. (a) Sales of
 14 food are exempt from the state gross retail tax, if:

- 15 ~~(1) the seller is an organization described in IC 6-2.1-3-19;~~
 16 ~~IC 6-2.1-3-20; IC 6-2.1-3-21; or IC 6-2.1-3-22;~~
- 17 ~~(2) (1) the purchaser is a person confined to his home because of~~
 18 ~~age, sickness, or infirmity;~~
- 19 ~~(3) (2) the seller delivers the food to the purchaser; and~~
- 20 ~~(4) (3) the delivery is prescribed as medically necessary by a~~
 21 ~~physician licensed to practice medicine in Indiana.~~

22 (b) Sales of food are exempt from the state gross retail tax, if the
 23 seller is an organization ~~described in IC 6-2.1-3-19; IC 6-2.1-3-20;~~
 24 ~~IC 6-2.1-3-21; or IC 6-2.1-3-22~~ **that is organized and operated**
 25 **exclusively for religious, charitable, scientific, educational, or civic**
 26 **purposes** and the purchaser is a patient in a hospital operated by the
 27 seller.

28 SECTION 22. IC 6-2.5-5-22 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 22. (a) Sales of
 30 school meals are exempt from the state gross retail tax, if:

- 31 (1) the seller is a school containing students in any grade, one (1)
 32 through twelve (12);
- 33 (2) the purchaser is one (1) of those students or a school
 34 employee; and
- 35 (3) the school furnishes the food on its premises.

36 (b) Sales of food by not-for-profit colleges or universities are
 37 exempt from the state gross retail tax, if the purchaser is a student at
 38 the college or university.

39 (c) Sales of meals after December 31, 1976, by a fraternity,
 40 sorority, or student cooperative housing organization ~~described in~~
 41 ~~IC 6-2.1-3-19~~ are exempt from the state gross retail tax, if the
 42 purchaser:

- 43 (1) is a member of the fraternity, sorority, or student cooperative
 44 housing organization; and
- 45 (2) is enrolled in the college, university, or educational
 46 institution with which the fraternity, sorority, or student

1 cooperative housing organization is connected and by which it
2 is supervised.

3 SECTION 23. IC 6-2.5-5-25 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 25. (a)
5 Transactions involving tangible personal property or service are
6 exempt from the state gross retail tax, if the person acquiring the
7 property or service:

- 8 ~~(1) is an organization which is granted a gross income tax~~
9 ~~exemption under IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~
10 ~~(2) (1) primarily uses the property or service to carry on or to~~
11 ~~raise money to carry on the not-for-profit purpose for which it~~
12 ~~receives the gross income tax exemption; and~~
13 ~~(3) (2) is not an organization operated predominantly for social~~
14 ~~purposes.~~

15 (b) Transactions occurring after December 31, 1976, and involving
16 tangible personal property or service are exempt from the state gross
17 retail tax, if the person acquiring the property or service:

- 18 (1) is a fraternity, sorority, or student cooperative housing
19 organization; ~~which is granted a gross income tax exemption~~
20 ~~under IC 6-2.1-3-19; and~~
21 (2) uses the property or service to carry on its ordinary and usual
22 activities and operations as a fraternity, sorority, or student
23 cooperative housing organization.

24 SECTION 24. IC 6-2.5-5-26 IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 26. (a) Sales of
26 tangible personal property are exempt from the state gross retail tax, if:

- 27 ~~(1) the seller is an organization which is granted a gross income~~
28 ~~tax exemption under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21,~~
29 ~~or IC 6-2.1-3-22;~~
30 ~~(2) (1) the organization makes the sale to make money to carry~~
31 ~~on the not-for-profit purpose for which it receives its gross~~
32 ~~income tax exemption; and~~
33 ~~(3) (2) the organization does not make those sales during more~~
34 ~~than thirty (30) days in a calendar year.~~

35 (b) Sales of tangible personal property are exempt from the state
36 gross retail tax, if:

- 37 ~~(1) the seller is an organization which is granted a gross income~~
38 ~~tax exemption under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21,~~
39 ~~or IC 6-2.1-3-22;~~
40 ~~(2) (1) the seller is not operated predominantly for social~~
41 ~~purposes;~~
42 ~~(3) (2) the property sold is designed and intended primarily~~
43 ~~either for the organization's educational, cultural, or religious~~
44 ~~purposes, or for improvement of the work skills or professional~~
45 ~~qualifications of the organization's members; and~~
46 ~~(4) (3) the property sold is not designed or intended primarily for~~

- 1 use in carrying on a private or proprietary business.
- 2 (c) The exemption provided by this section does not apply to an
3 accredited college or university's sales of books, stationery,
4 haberdashery, supplies, or other property.
- 5 SECTION 25. IC 6-2.5-6-7 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 7. Except as otherwise
7 provided in IC 6-2.5-7 or in this chapter, a retail merchant shall pay to
8 the department, for a particular reporting period, an amount equal to
9 the product of:
- 10 (1) five **and one-half** percent (~~5%~~); **(5.5%)**; multiplied by
11 (2) the retail merchant's total gross retail income from taxable
12 transactions made during the reporting period.
- 13 The amount determined under this section is the retail merchant's state
14 gross retail and use tax liability regardless of the amount of tax he
15 actually collects.
- 16 SECTION 26. IC 6-2.5-6-8 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) For purposes of
18 determining the amount of state gross retail and use taxes which he
19 must remit under section 7 of this chapter, a retail merchant may
20 exclude from his gross retail income from retail transactions made
21 during a particular reporting period, an amount equal to the product of:
- 22 (1) the amount of that gross retail income; multiplied by
23 (2) the retail merchant's "income exclusion ratio" for the tax year
24 which contains the reporting period.
- 25 (b) A retail merchant's "income exclusion ratio" for a particular tax
26 year equals a fraction, the numerator of which is the retail merchant's
27 estimated total gross retail income for the tax year from unitary retail
28 transactions which produce gross retail income of less than ~~ten nine~~
29 cents (~~\$.10~~) **(\$0.09)** each, and the denominator of which is the retail
30 merchant's estimated total gross retail income for the tax year from all
31 retail transactions.
- 32 (c) In order to minimize a retail merchant's recordkeeping
33 requirements, the department shall prescribe a procedure for
34 determining the retail merchant's income exclusion ratio for a tax year,
35 based on a period of time, not to exceed fifteen (15) consecutive days,
36 during the first quarter of the retail merchant's tax year. However, the
37 period of time may be changed if the change is requested by the retail
38 merchant because of his peculiar accounting procedures or marketing
39 factors. In addition, if a retail merchant has multiple sales locations or
40 diverse types of sales, the department shall permit the retail merchant
41 to determine the ratio on the basis of a representative sampling of the
42 locations and types of sales.
- 43 SECTION 27. IC 6-2.5-6-13 IS AMENDED TO READ AS
44 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 13. A person is
45 entitled to a refund from the department if:
- 46 (1) a retail merchant erroneously or illegally collects state gross

- 1 retail or use taxes under this article from the person;
 2 (2) the retail merchant remits the taxes to the department; **and**
 3 (3) the retail merchant does not refund the taxes to the person.
 4 **and**
 5 ~~(4) the person properly applies for the refund under the refund~~
 6 ~~provisions of the gross income tax law contained in IC 6-2-1.~~

7 SECTION 28. IC 6-2.5-7-3 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) With respect to
 9 the sale of gasoline which is dispensed from a metered pump, a retail
 10 merchant shall collect, for each unit of gasoline sold, state gross retail
 11 tax in an amount equal to the product, rounded to the nearest one-tenth
 12 of one cent (\$.001), of:

- 13 (i) **(1)** the price per unit before the addition of state and federal
 14 taxes; multiplied by
 15 (ii) **(2)** five **and one-half** percent ~~(5%)~~: **(5.5%)**.

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

19 (b) With respect to the sale of special fuel which is dispensed from
 20 a metered pump, unless the purchaser provides an exemption certificate
 21 in accordance with IC 6-2.5-8-8, a retail merchant shall collect, for
 22 each unit of special fuel sold, state gross retail tax in an amount equal
 23 to the product, rounded to the nearest one-tenth of one cent (\$.001), of:

- 24 (i) **(1)** the price per unit before the addition of state and federal
 25 taxes; multiplied by
 26 (ii) **(2)** five **and one-half** percent ~~(5%)~~: **(5.5%)**.

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

30 SECTION 29. IC 6-2.5-7-5 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5. (a) Each retail
 32 merchant who dispenses gasoline or special fuel from a metered pump
 33 shall, in the manner prescribed in IC 6-2.5-6, report to the department
 34 the following information:

- 35 (1) The total number of gallons of gasoline sold from a metered
 36 pump during the period covered by the report.
 37 (2) The total amount of money received from the sale of gasoline
 38 described in subdivision (1) during the period covered by the
 39 report.
 40 (3) That portion of the amount described in subdivision (2)
 41 which represents state and federal taxes imposed under IC 6-2.5,
 42 IC 6-6-1.1, or Section 4081 of the Internal Revenue Code.
 43 (4) The total number of gallons of special fuel sold from a
 44 metered pump during the period covered by the report.
 45 (5) The total amount of money received from the sale of special
 46 fuel during the period covered by the report.

1 (6) That portion of the amount described in subdivision (5) that
2 represents state and federal taxes imposed under IC 6-2.5,
3 IC 6-6-2.5, or Section 4041 of the Internal Revenue Code.

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

16 (c) A retail merchant is entitled to deduct from the amount of state
17 gross retail tax required to be remitted under subsection (b) an amount
18 equal to:

- 19 (1) the sum of the prepayment amounts made during the period
20 covered by the retail merchant's report; minus
- 21 (2) the sum of prepayment amounts collected by the retail
22 merchant, in the merchant's capacity as a qualified distributor,
23 during the period covered by the retail merchant's report.

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

26 SECTION 30. IC 6-2.5-10-1 IS AMENDED TO READ AS
27 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) The department
28 shall account for all state gross retail and use taxes that it collects.

29 (b) The department shall deposit those collections in the following
30 manner:

- 31 (1) ~~Forty~~ **Thirty-nine and three hundred thirty-three**
32 **thousandths** percent (~~40%~~) **(39.333%)** of the collections shall
33 be paid into the property tax replacement fund established under
34 IC 6-1.1-21.
- 35 (2) ~~Fifty-nine and two-tenths~~ **Sixty and one-thousandths**
36 percent (~~59.2%~~) **(60.001%)** of the collections shall be paid into
37 the state general fund.
- 38 (3) ~~Seventy-six hundredths of one~~ **Six hundred thirty-three**
39 **thousandths** percent (~~0.76%~~) **(0.633%)** of the collections shall
40 be paid into the public mass transportation fund established by
41 IC 8-23-3-8.
- 42 (4) ~~Four hundredths of one~~ **Thirty-three thousandths** percent
43 (~~0.04%~~) **(0.033%)** of the collections shall be deposited into the
44 industrial rail service fund established under IC 8-3-1.7-2."

45 Page 3, strike lines 25 through 40.

46 Page 3, line 41, strike "(c)" and insert "(b)".

1 Page 4, between lines 2 and 3 begin a new paragraph and insert:
 2 SECTION 2. IC 6-3-1-15 IS AMENDED TO READ AS
 3 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 15. The term
 4 "taxpayer" means any person ~~or any corporation~~ subject to taxation
 5 under this article.

6 SECTION 3. IC 6-3-2-1 IS AMENDED TO READ AS FOLLOWS
 7 [EFFECTIVE JANUARY 1, 2000]: Sec. 1. ~~(a)~~ Each taxable year, a tax
 8 at the rate of three and ~~four-tenths~~ **six-tenths** percent ~~(3.4%)~~ **(3.6%)** of
 9 adjusted gross income is imposed upon the adjusted gross income of
 10 every resident person, and on that part of the adjusted gross income
 11 derived from sources within Indiana of every nonresident person.

12 ~~(b) Each taxable year, a tax at the rate of three and four-tenths~~
 13 ~~percent (3.4%) of adjusted gross income is imposed on that part of the~~
 14 ~~adjusted gross income derived from sources within Indiana of every~~
 15 ~~corporation.~~

16 SECTION 4. IC 6-3-2-2 IS AMENDED TO READ AS FOLLOWS
 17 [EFFECTIVE JANUARY 1, 2000]: Sec. 2. (a) With regard to
 18 ~~corporations and~~ nonresident persons, "adjusted gross income derived
 19 from sources within Indiana", for the purposes of this article, shall
 20 mean and include:

- 21 (1) income from real or tangible personal property located in this
 22 state;
 23 (2) income from doing business in this state;
 24 (3) income from a trade or profession conducted in this state;
 25 (4) compensation for labor or services rendered within this state;
 26 and
 27 (5) income from stocks, bonds, notes, bank deposits, patents,
 28 copyrights, secret processes and formulas, good will, trademarks,
 29 trade brands, franchises, and other intangible personal property
 30 if the receipt from the intangible is attributable to Indiana under
 31 section 2.2 of this chapter.

32 In the case of nonbusiness income described in subsection ~~(g)~~; **(b)** only
 33 so much of such income as is allocated to this state under the
 34 provisions of subsections ~~(h)~~ (c) through ~~(k)~~ (f) shall be deemed to be
 35 derived from sources within Indiana. ~~In the case of business income;~~
 36 ~~only so much of such income as is apportioned to this state under the~~
 37 ~~provision of subsection (b) shall be deemed to be derived from sources~~
 38 ~~within the state of Indiana.~~

39 ~~(b) Except as provided in subsection (i); if business income of a~~
 40 ~~corporation or a nonresident person is derived from sources within the~~
 41 ~~state of Indiana and from sources without the state of Indiana; then the~~
 42 ~~business income derived from sources within this state shall be~~
 43 ~~determined by multiplying the business income derived from sources~~
 44 ~~both within and without the state of Indiana by a fraction; the~~
 45 ~~numerator of which is the property factor plus the payroll factor plus~~
 46 ~~the sales factor; and the denominator of which is three (3). However;~~

1 after a period of two (2) consecutive quarters of income growth and one
 2 (1) additional quarter (regardless of any income growth); the fraction
 3 shall be computed as follows:

4 (1) For all taxable years that begin within the first calendar year
 5 immediately following the period; the numerator of the fraction
 6 is the sum of the property factor plus the payroll factor plus one
 7 hundred thirty-three percent (133%) of the sales factor; and the
 8 denominator of the fraction is three and thirty-three hundredths
 9 (3.33):

10 (2) For all taxable years that begin within the second calendar
 11 year following the period; the numerator of the fraction is the
 12 property factor plus the payroll factor plus one hundred
 13 sixty-seven percent (167%) of the sales factor; and the
 14 denominator of the fraction is three and sixty-seven hundredths
 15 (3.67):

16 (3) For all taxable years beginning on or after January 1 of the
 17 third calendar year following the period; the numerator of the
 18 fraction is the property factor plus the payroll factor plus two
 19 hundred percent (200%) of the sales factor; and the denominator
 20 of the fraction is four (4):

21 For purposes of this subsection; income growth occurs when the state's
 22 nonfarm personal income for a calendar quarter increases in
 23 comparison with the state's nonfarm personal income for the
 24 immediately preceding quarter at an annualized compound rate of five
 25 percent (5%) or more; as determined by the budget agency based on
 26 current dollar figures provided by the Bureau of Economic Analysis of
 27 the United States Department of Commerce or its successor agency.
 28 The annualized compound rate shall be computed in accordance with
 29 the formula $(1+N)^{\frac{1}{4}}-1$, where N equals the percentage change in the
 30 state's current dollar nonfarm personal income from one (1) quarter to
 31 the next. As soon as possible after two (2) consecutive quarters of
 32 income growth; the budget agency shall advise the department of the
 33 growth.

34 (c) The property factor is a fraction; the numerator of which is the
 35 average value of the taxpayer's real and tangible personal property
 36 owned or rented and used in this state during the taxable year and the
 37 denominator of which is the average value of all the taxpayer's real and
 38 tangible personal property owned or rented and used during the taxable
 39 year. However; with respect to a foreign corporation; the denominator
 40 does not include the average value of real or tangible personal property
 41 owned or rented and used in a place that is outside the United States.
 42 Property owned by the taxpayer is valued at its original cost. Property
 43 rented by the taxpayer is valued at eight (8) times the net annual rental
 44 rate. Net annual rental rate is the annual rental rate paid by the taxpayer
 45 less any annual rental rate received by the taxpayer from subrentals.
 46 The average of property shall be determined by averaging the values at

1 the beginning and ending of the taxable year but the department may
 2 require the averaging of monthly values during the taxable year if
 3 reasonably required to reflect properly the average value of the
 4 taxpayer's property:

5 (d) The payroll factor is a fraction, the numerator of which is the
 6 total amount paid in this state during the taxable year by the taxpayer
 7 for compensation; and the denominator of which is the total
 8 compensation paid everywhere during the taxable year. However, with
 9 respect to a foreign corporation, the denominator does not include
 10 compensation paid in a place that is outside the United States.
 11 Compensation is paid in this state if:

12 (1) the individual's service is performed entirely within the state;
 13 (2) the individual's service is performed both within and without
 14 this state, but the service performed without this state is
 15 incidental to the individual's service within this state; or

16 (3) some of the service is performed in this state and:

17 (A) the base of operations or, if there is no base of
 18 operations, the place from which the service is directed or
 19 controlled is in this state; or

20 (B) the base of operations or the place from which the
 21 service is directed or controlled is not in any state in which
 22 some part of the service is performed, but the individual is
 23 a resident of this state.

24 (e) The sales factor is a fraction, the numerator of which is the
 25 total sales of the taxpayer in this state during the taxable year, and the
 26 denominator of which is the total sales of the taxpayer everywhere
 27 during the taxable year. Sales include receipts from intangible property
 28 and receipts from the sale or exchange of intangible property. However,
 29 with respect to a foreign corporation, the denominator does not include
 30 sales made in a place that is outside the United States. Receipts from
 31 intangible personal property are derived from sources within Indiana
 32 if the receipts from the intangible personal property are attributable to
 33 Indiana under section 2.2 of this chapter. Sales of tangible personal
 34 property are in this state if:

35 (1) the property is delivered or shipped to a purchaser, other than
 36 the United States government, within this state, regardless of the
 37 f.o.b. point or other conditions of the sale; or

38 (2) the property is shipped from an office, a store, a warehouse,
 39 a factory, or other place of storage in this state and:

40 (A) the purchaser is the United States government; or

41 (B) the taxpayer is not taxable in the state of the purchaser.

42 Gross receipts derived from commercial printing as described in
 43 IC 6-2.1-2-4 shall be treated as sales of tangible personal property for
 44 purposes of this chapter.

45 (f) Sales, other than receipts from intangible property covered by
 46 subsection (e) and sales of tangible personal property, are in this state

- 1 if:
- 2 ~~(1)~~ the income-producing activity is performed in this state; or
- 3 ~~(2)~~ the income-producing activity is performed both within and
- 4 without this state and a greater proportion of the
- 5 income-producing activity is performed in this state than in any
- 6 other state, based on costs of performance.
- 7 ~~(g)~~ **(b)** Rents and royalties from real or tangible personal property,
- 8 capital gains, interest, dividends, or patent or copyright royalties, to the
- 9 extent that they constitute nonbusiness income, shall be allocated as
- 10 provided in subsections ~~(h)~~ **(c)** through ~~(k)~~ **(f)**.
- 11 ~~(h)~~**(1)** **(c)**(1) Net rents and royalties from real property located in
- 12 this state are allocable to this state.
- 13 (2) Net rents and royalties from tangible personal property are
- 14 allocated to this state:
- 15 (i) if and to the extent that the property is utilized in this state; or
- 16 (ii) in their entirety if the taxpayer's commercial domicile is in
- 17 this state and the taxpayer is not organized under the laws of or
- 18 taxable in the state in which the property is utilized.
- 19 (3) The extent of utilization of tangible personal property in a state
- 20 is determined by multiplying the rents and royalties by a fraction, the
- 21 numerator of which is the number of days of physical location of the
- 22 property in the state during the rental or royalty period in the taxable
- 23 year, and the denominator of which is the number of days of physical
- 24 location of the property everywhere during all rental or royalty periods
- 25 in the taxable year. If the physical location of the property during the
- 26 rental or royalty period is unknown or unascertainable by the taxpayer,
- 27 tangible personal property is utilized in the state in which the property
- 28 was located at the time the rental or royalty payer obtained possession.
- 29 ~~(i)~~**(1)** **(d)**(1) Capital gains and losses from sales of real property
- 30 located in this state are allocable to this state.
- 31 (2) Capital gains and losses from sales of tangible personal
- 32 property are allocable to this state if:
- 33 (i) the property had a situs in this state at the time of the sale; or
- 34 (ii) the taxpayer's commercial domicile is in this state and the
- 35 taxpayer is not taxable in the state in which the property had a
- 36 situs.
- 37 (3) Capital gains and losses from sales of intangible personal
- 38 property are allocable to this state if the taxpayer's commercial
- 39 domicile is in this state.
- 40 ~~(j)~~ **(e)** Interest and dividends are allocable to this state if the
- 41 taxpayer's commercial domicile is in this state.
- 42 ~~(k)~~**(1)** **(f)**(1) Patent and copyright royalties are allocable to this
- 43 state:
- 44 (i) if and to the extent that the patent or copyright is utilized by
- 45 the taxpayer in this state; or
- 46 (ii) if and to the extent that the patent or copyright is utilized by

1 the taxpayer in a state in which the taxpayer is not taxable and
2 the taxpayer's commercial domicile is in this state.

3 (2) A patent is utilized in a state to the extent that it is employed
4 in production, fabrication, manufacturing, or other processing in the
5 state or to the extent that a patented product is produced in the state. If
6 the basis of receipts from patent royalties does not permit allocation to
7 states or if the accounting procedures do not reflect states of utilization,
8 the patent is utilized in the state in which the taxpayer's commercial
9 domicile is located.

10 (3) A copyright is utilized in a state to the extent that printing or
11 other publication originates in the state. If the basis of receipts from
12 copyright royalties does not permit allocation to states or if the
13 accounting procedures do not reflect states of utilization, the copyright
14 is utilized in the state in which the taxpayer's commercial domicile is
15 located.

16 (†)(g) If the allocation and apportionment provisions of this article
17 do not fairly represent the taxpayer's income derived from sources
18 within the state of Indiana, the taxpayer may petition for or the
19 department may require, in respect to all or any part of the taxpayer's
20 business activity, if reasonable:

- 21 (1) separate accounting;
- 22 (2) the exclusion of any one (1) or more of the factors;
- 23 (3) the inclusion of one (1) or more additional factors which will
- 24 fairly represent the taxpayer's income derived from sources
- 25 within the state of Indiana; or
- 26 (4) the employment of any other method to effectuate an
- 27 equitable allocation and apportionment of the taxpayer's income.

28 (m) ~~In the case of two (2) or more organizations, trades, or~~
29 ~~businesses owned or controlled directly or indirectly by the same~~
30 ~~interests, the department shall distribute, apportion, or allocate the~~
31 ~~income derived from sources within the state of Indiana between and~~
32 ~~among those organizations, trades, or businesses in order to fairly~~
33 ~~reflect and report the income derived from sources within the state of~~
34 ~~Indiana by various taxpayers.~~

35 (n) ~~For purposes of allocation and apportionment of income under~~
36 ~~this article, a taxpayer is taxable in another state if:~~

- 37 (1) ~~in that state the taxpayer is subject to a net income tax, a~~
- 38 ~~franchise tax measured by net income, a franchise tax for the~~
- 39 ~~privilege of doing business, or a corporate stock tax; or~~
- 40 (2) ~~that state has jurisdiction to subject the taxpayer to a net~~
- 41 ~~income tax regardless of whether, in fact, the state does or does~~
- 42 ~~not.~~

43 (o) ~~Notwithstanding subsections (†) and (m), the department may~~
44 ~~not, under any circumstances, require that income, deductions, and~~
45 ~~credits attributable to a taxpayer and another entity be reported in a~~
46 ~~combined income tax return for any taxable year, if the other entity is:~~

1 (1) a foreign corporation; or
 2 (2) a corporation that is classified as a foreign operating
 3 corporation for the taxable year by section 2.4 of this chapter.

4 (p) Notwithstanding subsections (l) and (m), the department may
 5 not require that income, deductions, and credits attributable to a
 6 taxpayer and another entity not described in subsection (o)(1) or (o)(2)
 7 be reported in a combined income tax return for any taxable year;
 8 unless the department is unable to fairly reflect the taxpayer's adjusted
 9 gross income for the taxable year through use of other powers granted
 10 to the department by subsections (l) and (m).

11 (q) Notwithstanding subsections (o) and (p), one (1) or more
 12 taxpayers may petition the department under subsection (l) for
 13 permission to file a combined income tax return for a taxable year. The
 14 petition to file a combined income tax return must be completed and
 15 filed with the department not more than thirty (30) days after the end
 16 of the taxpayer's taxable year.

17 SECTION 5. IC 6-3-2-2.6 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2.6. (a) This
 19 section applies to a ~~corporation~~ or a nonresident person, for a particular
 20 taxable year, if the taxpayer's adjusted gross income for that taxable
 21 year is reduced because of a deduction allowed under Section 172 of
 22 the Internal Revenue Code for a net operating loss. For purposes of
 23 section 1 of this chapter, the taxpayer's adjusted gross income, for the
 24 particular taxable year, derived from sources within Indiana is the
 25 remainder determined under STEP FOUR of the following formula:

26 STEP ONE: Determine, in the manner prescribed in section 2 of
 27 this chapter, the taxpayer's adjusted gross income, for the taxable
 28 year, derived from sources within Indiana, as calculated without
 29 the deduction for net operating losses provided by Section 172
 30 of the Internal Revenue Code.

31 STEP TWO: Determine, in the manner prescribed in subsection
 32 (b), the amount of the taxpayer's net operating losses that are
 33 deductible for the taxable year under Section 172 of the Internal
 34 Revenue Code, as adjusted to reflect the modifications required
 35 by IC 6-3-1-3.5, and that are derived from sources within
 36 Indiana.

37 STEP THREE: Enter the larger of zero (0) or the amount
 38 determined under STEP TWO.

39 STEP FOUR: Subtract the amount entered under STEP THREE
 40 from the amount determined under STEP ONE.

41 (b) For purposes of STEP TWO of subsection (a), the
 42 modifications that are to be applied are those modifications required
 43 under IC 6-3-1-3.5 for the same taxable year during which each net
 44 operating loss was incurred. In addition, for purposes of STEP TWO of
 45 subsection (a), the amount of a taxpayer's net operating losses that are
 46 derived from sources within Indiana shall be determined in the same

1 manner that the amount of the taxpayer's income derived from sources
 2 within Indiana is determined, under section 2 of this chapter, for the
 3 same taxable year during which each loss was incurred. Also, for
 4 purposes of STEP TWO of subsection (a), the following procedures
 5 apply:

6 (1) The taxpayer's net operating loss for a particular taxable year
 7 shall be treated as a positive number.

8 (2) A modification that is to be added to federal adjusted gross
 9 income or federal taxable income under IC 6-3-1-3.5 shall be
 10 treated as a negative number.

11 (3) A modification that is to be subtracted from federal adjusted
 12 gross income or federal taxable income under IC 6-3-1-3.5 shall
 13 be treated as a positive number.

14 SECTION 6. IC 6-3-2-2.8 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2.8.
 16 Notwithstanding any provision of IC 6-3-1 through IC 6-3-7, there shall
 17 be no tax on the adjusted gross income of the following:

18 (1) Any organization described in Section 501(a) of the Internal
 19 Revenue Code, except that any income of such organization
 20 which is subject to income tax under the Internal Revenue Code
 21 shall be subject to the tax under IC 6-3-1 through IC 6-3-7.

22 ~~(2) Any corporation which is exempt from income tax under~~
 23 ~~Section 1363 of the Internal Revenue Code and which complies~~
 24 ~~with the requirements of IC 6-3-4-13. However, income of a~~
 25 ~~corporation described under this subdivision that is subject to~~
 26 ~~income tax under the Internal Revenue Code is subject to the tax~~
 27 ~~under IC 6-3-1 through IC 6-3-7. A corporation will not lose its~~
 28 ~~exemption under this section because it fails to comply with~~
 29 ~~IC 6-3-4-13 but it will be subject to the penalties provided by~~
 30 ~~IC 6-8-1-10.~~

31 ~~(3)~~ (2) Banks and trust companies, national banking
 32 associations, savings banks, building and loan associations, and
 33 savings and loan associations.

34 ~~(4)~~ (3) Insurance companies subject to tax under IC 27-1-18-2.

35 ~~(5)~~ (4) International banking facilities (as defined in Regulation
 36 D of the Board of Governors of the Federal Reserve System (12
 37 CFR 204)).

38 SECTION 7. IC 6-3-2-12 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 12. (a) As used
 40 in this section, the term "foreign source dividend" means a dividend
 41 from a foreign corporation. The term includes any amount that a
 42 taxpayer is required to include in its gross income for a taxable year
 43 under Section 951 of the Internal Revenue Code, but the term does not
 44 include any amount that is treated as a dividend under Section 78 of the
 45 Internal Revenue Code.

46 (b) A ~~corporation~~ taxpayer that includes any foreign source

1 dividend in its adjusted gross income for a taxable year is entitled to a
 2 deduction from that adjusted gross income. The amount of the
 3 deduction equals the product of:

4 (1) the amount of the foreign source dividend included in the
 5 ~~corporation's taxpayers~~ adjusted gross income for the taxable
 6 year; multiplied by

7 (2) the percentage prescribed in subsection (c), (d), or (e), as the
 8 case may be.

9 (c) The percentage referred to in subsection (b)(2) is one hundred
 10 percent (100%) if the ~~corporation taxpayer~~ that includes the foreign
 11 source dividend in its adjusted gross income owns stock possessing at
 12 least eighty percent (80%) of the total combined voting power of all
 13 classes of stock of the foreign corporation from which the dividend is
 14 derived.

15 (d) The percentage referred to in subsection (b)(2) is eighty-five
 16 percent (85%) if the ~~corporation taxpayer~~ that includes the foreign
 17 source dividend in its adjusted gross income owns stock possessing at
 18 least fifty percent (50%) but less than eighty percent (80%) of the total
 19 combined voting power of all classes of stock of the foreign
 20 corporation from which the dividend is derived.

21 (e) The percentage referred to in subsection (b)(2) is fifty percent
 22 (50%) if the ~~corporation taxpayer~~ that includes the foreign source
 23 dividend in its adjusted gross income owns stock possessing less than
 24 fifty percent (50%) of the total combined voting power of all classes of
 25 stock of the foreign corporation from which the dividend is derived.

26 SECTION 8. IC 6-3-3-5.1 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 5.1. (a) At the
 28 election of the taxpayer, a credit against the adjusted gross income tax
 29 imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, is permitted
 30 in an amount (subject to the applicable limitations provided by this
 31 section) equal to fifty percent (50%) of the aggregate amount of
 32 contributions made by the taxpayer during the taxable year to the
 33 twenty-first century scholars program support fund established under
 34 IC 20-12-70.1-5.

35 (b) In the case of a taxpayer ~~other than a corporation~~, the amount
 36 allowable as a credit under this section for any taxable year may not
 37 exceed:

38 (1) one hundred dollars (\$100) in the case of a single return; or

39 (2) two hundred dollars (\$200) in the case of a joint return.

40 (c) ~~In the case of a taxpayer that is a corporation, the amount~~
 41 ~~allowable as a credit under this section for any taxable year may not~~
 42 ~~exceed the lesser of the following amounts:~~

43 ~~(1) Ten percent (10%) of the corporation's total adjusted gross~~
 44 ~~income tax under IC 6-3-1 through IC 6-3-7 for the taxable year~~
 45 ~~(as determined without regard to any credits against that tax);~~

46 ~~(2) One thousand dollars (\$1,000).~~

1 ~~(d)~~ (c) The credit permitted under this section may not exceed the
 2 amount of the adjusted gross income tax imposed by IC 6-3-1 through
 3 IC 6-3-7 for the taxable year, reduced by the sum of all credits (as
 4 determined without regard to this section) allowed by IC 6-3-1 through
 5 IC 6-3-7.

6 ~~(e)~~ (d) Any taxpayer subject to an income tax under IC 6-2.1 as
 7 well as under IC 6-3-1 through IC 6-3-7 may elect to claim the credit
 8 allowed by this section against the income tax imposed by IC 6-2.1, but
 9 may not claim a credit against both of these taxes.

10 SECTION 9. IC 6-3-3-10 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 10. (a) As used
 12 in this section:

13 "Base period wages" means wages paid or payable by a taxpayer
 14 to its employees during the year that ends on the last day of the month
 15 that immediately precedes the month in which an enterprise zone is
 16 established, to the extent that the wages would have been qualified
 17 wages if the enterprise zone had been in effect for that year. If the
 18 taxpayer did not engage in an active trade or business during that year
 19 in the area that is later designated as an enterprise zone, then the base
 20 period wages equal zero (0). If the taxpayer engaged in an active trade
 21 or business during only part of that year in an area that is later
 22 designated as an enterprise zone, then the department shall determine
 23 the amount of base period wages.

24 "Enterprise zone" means an enterprise zone created under
 25 IC 4-4-6.1.

26 "Enterprise zone adjusted gross income" means adjusted gross
 27 income of a taxpayer that is derived from sources within an enterprise
 28 zone. Sources of adjusted gross income shall be determined with
 29 respect to an enterprise zone, to the extent possible, in the same manner
 30 that sources of adjusted gross income are determined with respect to
 31 the state of Indiana under IC 6-3-2-2.

32 "Enterprise zone gross income" means gross income of a taxpayer
 33 that is derived from sources within an enterprise zone.

34 "Enterprise zone insurance premiums" means insurance premiums
 35 derived from sources within an enterprise zone.

36 "Monthly base period wages" means base period wages divided by
 37 twelve (12).

38 "Qualified employee" means an individual who is employed by a
 39 taxpayer and who:

- 40 (1) has his principal place of residence in the enterprise zone in
 41 which he is employed;
- 42 (2) performs services for the taxpayer, ninety percent (90%) of
 43 which are directly related to the conduct of the taxpayer's trade
 44 or business that is located in an enterprise zone; and
- 45 (3) performs at least fifty percent (50%) of his services for the
 46 taxpayer during the taxable year in the enterprise zone.

1 "Qualified increased employment expenditures" means the
2 following:

3 (1) For a taxpayer's taxable year other than his taxable year in
4 which the enterprise zone is established, the amount by which
5 qualified wages paid or payable by the taxpayer during the
6 taxable year to qualified employees exceeds the taxpayer's base
7 period wages.

8 (2) For the taxpayer's taxable year in which the enterprise zone
9 is established, the amount by which qualified wages paid or
10 payable by the taxpayer during all of the full calendar months in
11 the taxpayer's taxable year that succeed the date on which the
12 enterprise zone was established exceed the taxpayer's monthly
13 base period wages multiplied by that same number of full
14 calendar months.

15 "Qualified state tax liability" means a taxpayer's total income tax
16 liability incurred under:

17 ~~(1) IC 6-2.1 (gross income tax) with respect to enterprise zone~~
18 ~~gross income;~~

19 ~~(2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax) with~~
20 ~~respect to enterprise zone adjusted gross income;~~

21 ~~(3) (1) IC 27-1-18-2 (insurance premiums tax) with respect to~~
22 ~~enterprise zone insurance premiums; and~~

23 ~~(4) (2) IC 6-5.5 (the financial institutions tax); and~~

24 **(3) IC 6-10 (the single business tax).**

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

28 "Qualified wages" means the wages paid or payable to qualified
29 employees during a taxable year.

30 (b) A taxpayer is entitled to a credit against the taxpayer's qualified
31 state tax liability for a taxable year in the amount of the lesser of:

32 (1) the product of ten percent (10%) multiplied by the qualified
33 increased employment expenditures of the taxpayer for the
34 taxable year; or

35 (2) one thousand five hundred dollars (\$1,500) multiplied by the
36 number of qualified employees employed by the taxpayer during
37 the taxable year.

38 (c) The amount of the credit provided by this section that a
39 taxpayer uses during a particular taxable year may not exceed the
40 taxpayer's qualified state tax liability for the taxable year. If the credit
41 provided by this section exceeds the amount of that tax liability for the
42 taxable year it is first claimed, then the excess may be carried back to
43 preceding taxable years or carried over to succeeding taxable years and
44 used as a credit against the taxpayer's qualified state tax liability for
45 those taxable years. Each time that the credit is carried back to a
46 preceding taxable year or carried over to a succeeding taxable year, the

1 amount of the carryover is reduced by the amount used as a credit for
 2 that taxable year. Except as provided in subsection (e), the credit
 3 provided by this section may be carried forward and applied in the ten
 4 (10) taxable years that succeed the taxable year in which the credit
 5 accrues. The credit provided by this section may be carried back and
 6 applied in the three (3) taxable years that precede the taxable year in
 7 which the credit accrues.

8 (d) A credit earned by a taxpayer in a particular taxable year shall
 9 be applied against the taxpayer's qualified state tax liability for that
 10 taxable year before any credit carryover or carryback is applied against
 11 that liability under subsection (c).

12 (e) Notwithstanding subsection (c), if a credit under this section
 13 results from wages paid in a particular enterprise zone, and if that
 14 enterprise zone terminates in a taxable year that succeeds the last
 15 taxable year in which a taxpayer is entitled to use the credit carryover
 16 that results from those wages under subsection (c), then the taxpayer
 17 may use the credit carryover for any taxable year up to and including
 18 the taxable year in which the enterprise zone terminates.

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

20 (g) A taxpayer that:

21 (1) does not own, rent, or lease real property outside of an
 22 enterprise zone that is an integral part of its trade or business;
 23 and

24 (2) is not owned or controlled directly or indirectly by a taxpayer
 25 that owns, rents, or leases real property outside of an enterprise
 26 zone;

27 is exempt from the allocation and apportionment provisions of this
 28 section.

29 SECTION 10. IC 6-3-4-1 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. Returns with
 31 respect to taxes imposed by this act shall be made by the following:

32 (1) Every resident individual having for the taxable year gross
 33 income in an amount greater than the modifications provided
 34 under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4).

35 (2) Every nonresident individual having for the taxable year any
 36 gross income from sources within the state of Indiana, except for
 37 a team member (as defined in IC 6-3-2-2.7) who is covered by a
 38 composite return filed under IC 6-3-2-2.7.

39 ~~(3) Every corporation having for the taxable year any gross~~
 40 ~~income from sources within the state of Indiana.~~

41 ~~(4)~~ (3) Every resident estate having for the taxable year any gross
 42 income from sources within the state of Indiana.

43 ~~(5)~~ (4) Every resident trust having for the taxable year any gross
 44 income from sources within the state of Indiana.

45 ~~(6)~~ (5) Every nonresident estate having for the taxable year any
 46 gross income from sources within the state of Indiana.

1 ~~(7)~~ (6) Every nonresident trust having for the taxable year any
2 gross income from sources within the state of Indiana.

3 SECTION 11. IC 6-3-4-4.1 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 4.1. (a) This
5 section applies to taxable years beginning after December 31, 1993.

6 (b) Any individual required by the Internal Revenue Code to file
7 estimated tax returns and to make payments on account of such
8 estimated tax shall file estimated tax returns and make payments of the
9 tax imposed by this article to the department at the time or times and
10 in the installments as provided by Section 6654 of the Internal Revenue
11 Code. However, in applying Section 6654 of the Internal Revenue Code
12 for the purposes of this article, "estimated tax" means the amount
13 which the individual estimates as the amount of the adjusted gross
14 income tax imposed by this article for the taxable year, minus the
15 amount which the individual estimates as the sum of any credits against
16 the tax provided by IC 6-3-3.

17 (c) Every individual who has gross income subject to the tax
18 imposed by this article and from which tax is not withheld under the
19 requirements of section 8 of this chapter shall make a declaration of
20 estimated tax for the taxable year. However, no such declaration shall
21 be required if the estimated tax can reasonably be expected to be less
22 than four hundred dollars (\$400). In the case of an underpayment of the
23 estimated tax as provided in Section 6654 of the Internal Revenue
24 Code, there shall be added to the tax a penalty in an amount prescribed
25 by IC 6-8.1-10-2.1(b).

26 (d) Every corporation subject to the adjusted gross income tax
27 liability imposed by IC 6-3 shall be required to report and pay an
28 estimated tax equal to twenty-five percent (25%) of such corporation's
29 estimated adjusted gross income tax liability for the taxable year, less
30 the credit allowed by IC 6-3-3-2 for the tax imposed on gross income.
31 Such estimated payment shall be made at the same time and in
32 conjunction with the reporting of gross income tax as provided for in
33 IC 6-2.1-5. The department shall prescribe the manner and forms for
34 such reporting and payment.

35 (e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed
36 by the department on corporations failing to make payments as required
37 in subsection (d) or (g). However, no penalty shall be assessed as to
38 any estimated payments of adjusted gross income tax plus
39 supplemental net income tax plus gross income tax which equal or
40 exceed:

41 (1) twenty percent (20%) of the final tax liability for such
42 taxable year; or

43 (2) twenty-five percent (25%) of the final tax liability for the
44 taxpayer's previous taxable year.

45 In addition, the penalty as to any underpayment of tax on an estimated
46 return shall only be assessed on the difference between the actual

1 amount paid by the corporation on such estimated return and
 2 twenty-five percent (25%) of the sum of the corporation's final adjusted
 3 gross income tax plus supplemental net income tax liability for such
 4 taxable year.

5 (f) The provisions of subsection (d) requiring the reporting and
 6 estimated payment of adjusted gross income tax shall be applicable
 7 only to corporations having an adjusted gross income tax liability
 8 which, after application of the credit allowed by IC 6-3-3-2, shall
 9 exceed one thousand dollars (\$1,000) for its taxable year.

10 (g) If the department determines that a corporation's:

11 (1) estimated quarterly adjusted gross income tax liability for the
 12 current year; or

13 (2) average estimated quarterly adjusted gross income tax
 14 liability for the preceding year;

15 exceeds, before January 1, 1998, twenty thousand dollars (\$20,000);
 16 and, after December 31, 1997, ten thousand dollars (\$10,000); after the
 17 credit allowed by IC 6-3-3-2, the corporation shall pay the estimated
 18 adjusted gross income taxes due by electronic funds transfer (as
 19 defined in IC 4-8.1-2-7) or by delivering in person or overnight by
 20 courier a payment by cashier's check, certified check, or money order
 21 to the department. The transfer or payment shall be made on or before
 22 the date the tax is due.

23 (h) If a corporation's adjusted gross income tax payment is made
 24 by electronic funds transfer, the corporation is not required to file an
 25 estimated adjusted gross income tax return.

26 SECTION 12. IC 6-3-8-2 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. (a) As used in
 28 this chapter, the term "corporation" shall mean and apply to
 29 corporations and shall also mean and apply to banks and trust
 30 companies, national banking associations, mutual savings banks, and
 31 savings and loan associations not subject to taxation under the financial
 32 institutions tax (IC 6-5.5) and domestic insurance companies organized
 33 under the laws of the state of Indiana notwithstanding that such
 34 organizations are exempt from the tax imposed on adjusted gross
 35 income pursuant to IC 6-3-2-1 whether such exemption is accorded
 36 under the provisions of IC 6-3-2-2.8(3) or IC 6-3-2-2.8(4), or under the
 37 provisions of IC 27-1-18-2, as such section pertains to domestic
 38 insurance companies, or under the provisions of any other law of the
 39 state of Indiana.

40 (b) The term "net income" shall mean adjusted gross income
 41 derived from sources within the state of Indiana, as determined in
 42 accordance with the provisions of IC 6-3-2-2, adjusted as follows:
 43 Subtract an amount equal to the greater of:

44 (1) the amount of tax imposed by IC 6-3-2 on the taxpayer's
 45 adjusted gross income for the same taxable year (before the
 46 allowance of credits provided for in IC 6-3);

1 ~~(2) the amount of tax imposed on the gross income of the~~
2 taxpayer for such taxable year by IC 6-2.1; or

3 ~~(3) (2) the amount of tax imposed on premiums received on~~
4 policies of insurance by IC 27-1-18-2.

5 (c) However, in the case of domestic insurance companies
6 organized under the laws of the state of Indiana, the term "net income"
7 shall mean:

8 (1) either:

9 (A) for life insurance companies (as defined in Section
10 816(a) of the Internal Revenue Code), life insurance
11 company taxable income (as defined in Section 801 of the
12 Internal Revenue Code); or

13 (B) for insurance companies subjected to the imposition of
14 tax under Section 831 of the Internal Revenue Code, taxable
15 income (as defined in Section 832 of the Internal Revenue
16 Code); multiplied by

17 (2) a fraction:

18 (A) the numerator of which is the direct premiums and
19 annuity considerations received during the taxable year for
20 insurance upon property or risks in this state; and

21 (B) the denominator of which is the direct premiums and
22 annuity considerations received during the taxable year for
23 insurance upon property or risks everywhere; and

24 (3) the product of such multiplication shall be adjusted as
25 follows: Subtract an amount equal to the greater of either:

26 ~~(A) the amount of tax imposed on the gross income of the~~
27 taxpayer by IC 6-2.1 and paid by the taxpayer for the same
28 taxable year; or

29 ~~(B) the amount of tax imposed on the gross premiums of the~~
30 taxpayer and paid by the taxpayer pursuant to IC 27-1-18-2
31 for the same taxable year.

32 (d) For the purpose of subsection (c), the term "direct premiums
33 and annuity considerations" shall be defined as gross premiums
34 received from direct business, as reported in the company's annual
35 statement filed with the insurance department of this state on the form
36 prescribed.

37 SECTION 13. IC 6-3.1-2-1 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this
39 chapter, the following terms have the following meanings:

40 (1) "Eligible teacher" means a teacher:

41 (A) certified in a shortage area by the professional standards
42 board established by IC 20-1-1.4; and

43 (B) employed under contract during the regular school term
44 by a school corporation in a shortage area.

45 (2) "Qualified position" means a position that:

46 (A) is relevant to the teacher's academic training in a

- 1 shortage area; and
 2 (B) has been approved by the Indiana state board of
 3 education under section 6 of this chapter.
 4 (3) "Regular school term" means the period, other than the
 5 school summer recess, during which a teacher is required to
 6 perform duties assigned to him under a teaching contract.
 7 (4) "School corporation" ~~means any corporation authorized by~~
 8 ~~law to establish public schools and levy taxes for their~~
 9 ~~maintenance; has the meaning set forth in IC 36-1-2-17.~~
 10 (5) "Shortage area" means the subject areas of mathematics and
 11 science and any other subject area designated as a shortage area
 12 by the Indiana state board of education.
 13 (6) "State income tax liability" means a taxpayer's total income
 14 tax liability incurred under ~~IC 6-2-1 and~~ IC 6-3, as computed
 15 after application of credits that under IC 6-3.1-1-2 are to be
 16 applied before the credit provided by this chapter.
 17 SECTION 14. IC 6-3.1-4-1 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this
 19 chapter:
 20 "Base amount" means base amount (as defined in Section 41(c) of
 21 the Internal Revenue Code).
 22 "Base period Indiana qualified research expense" means base
 23 period research expense that is incurred for research conducted in
 24 Indiana.
 25 "Base period research expense" means base period research
 26 expense (as defined in Section 41(c) of the Internal Revenue Code
 27 before January 1, 1990).
 28 "Indiana qualified research expense" means qualified research
 29 expense that is incurred for research conducted in Indiana.
 30 "Qualified research expense" means qualified research expense (as
 31 defined in Section 41(b) of the Internal Revenue Code).
 32 "Pass through entity" means:
 33 (1) a corporation that is exempt from the adjusted gross income
 34 tax under IC 6-3-2-2.8(2);
 35 (2) a partnership;
 36 (3) a limited liability company; or
 37 (4) a limited liability partnership.
 38 "Research expense tax credit" means a credit provided under this
 39 chapter against any tax otherwise due and payable under ~~IC 6-2-1 or~~
 40 IC 6-3.
 41 "Taxpayer" means an individual, a corporation, a limited liability
 42 company, a limited liability partnership, a trust, or a partnership.
 43 SECTION 15. IC 6-3.1-4-3 IS AMENDED TO READ AS
 44 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) The amount
 45 of the credit provided by this chapter that a taxpayer uses during a
 46 particular taxable year may not exceed the sum of the taxes imposed by

1 ~~IC 6-2.1~~ and IC 6-3 for the taxable year after the application of all
 2 credits that under IC 6-3.1-1-2 are to be applied before the credit
 3 provided by this chapter. If the credit provided by this chapter exceeds
 4 that sum for the taxable year for which the credit is first claimed, then
 5 the excess may be carried over to succeeding taxable years and used as
 6 a credit against the tax otherwise due and payable by the taxpayer
 7 under ~~IC 6-2.1~~ or IC 6-3 during those taxable years. Each time that the
 8 credit is carried over to a succeeding taxable year, it is to be reduced by
 9 the amount which was used as a credit during the immediately
 10 preceding taxable year. The credit provided by this chapter may be
 11 carried forward and applied to succeeding taxable years for fifteen (15)
 12 taxable years following the unused credit year.

13 (b) A credit earned by a taxpayer in a particular taxable year shall
 14 be applied against the taxpayer's tax liability for that taxable year
 15 before any credit carryover is applied against that liability under
 16 subsection (a).

17 (c) A taxpayer is not entitled to any carryback or refund of any
 18 unused credit.

19 SECTION 16. IC 6-3.1-5-9 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. The state
 21 corporation is exempt from all state tax levies, including but not limited
 22 to the ~~gross income tax (IC 6-2.1)~~; state gross retail tax (IC 6-2.5), use
 23 tax (IC 6-2.5-3), adjusted gross income tax (IC 6-3-1 through IC 6-3-7),
 24 and the ~~supplemental net income single business tax (IC 6-3-8)~~; **(IC**
 25 **6-10)**. However, the state corporation is not exempt from employment
 26 taxes or taxes imposed by a county or by a municipal corporation.

27 SECTION 17. IC 6-3.1-5-10 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 10. (a) Except as
 29 provided in subsection (b), income that is received by a taxpayer by
 30 reason of ownership of a qualified investment is exempt from ~~gross~~
 31 ~~income tax (IC 6-2.1)~~; adjusted gross income tax (IC 6-3-1 through
 32 IC 6-3-7. ~~and the supplemental net income tax (IC 6-3-8)~~.

33 (b) The exemption provided under subsection (a) shall not apply
 34 to any income realized by reason of the sale or other disposition of the
 35 qualified investment.

36 SECTION 18. IC 6-3.1-5-13 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 13. (a) A credit
 38 to which a taxpayer is entitled under this chapter shall be applied
 39 against taxes owed by the taxpayer in the following order:

- 40 ~~(1) First, against the taxpayer's gross income tax liability (IC~~
 41 ~~6-2.1) for the taxable year.~~
 42 ~~(2) Second;~~ **(1) First**, against the taxpayer's adjusted gross
 43 income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable
 44 year.
 45 ~~(3) Third, against the taxpayer's supplemental net income tax~~
 46 ~~liability (IC 6-3-8) for the taxable year.~~

1 ~~(4) Fourth~~, **(2) Second**, against the taxpayer's bank tax liability
 2 (IC 6-5-10) or savings and loan association tax liability (IC
 3 6-5-11) for the taxable year.

4 ~~(5) Fifth~~, **(3) Third**, against the taxpayer's insurance premiums
 5 tax liability (IC 27-1-18-2) for the taxable year.

6 **(4) Fourth, against the single business tax (IC 6-10) for the**
 7 **taxable year.**

8 (b) If the tax paid by the taxpayer under a tax provision listed in
 9 subsection (a) is a credit against the liability or a deduction in
 10 determining the tax base under another Indiana tax provision, the credit
 11 or deduction shall be computed without regard to the credit to which a
 12 taxpayer is entitled under this chapter.

13 (c) A taxpayer that is subject to the financial institutions tax may
 14 apply the credit provided by this chapter against the taxpayer's financial
 15 institutions tax liability for the taxable year.

16 SECTION 19. IC 6-3.1-6-1 IS AMENDED TO READ AS
 17 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. For the
 18 purposes of this chapter:

19 "Agreement" means any agreement entered into with the
 20 commissioner of the department of correction under IC 11-10-7-2 that
 21 has been approved by a majority of the members of the state board of
 22 correction.

23 "Qualified property" means any machinery, tools, equipment,
 24 building, structure, or other tangible property considered qualified
 25 property under Section 38 of the Internal Revenue Code that is used as
 26 an integral part of the operation contemplated by an agreement and that
 27 is installed, used, or operated exclusively on property managed by the
 28 department of correction.

29 "State income tax liability" means a taxpayer's total income tax
 30 liability incurred under ~~IC 6-2-1~~ **IC 6-10** and IC 6-3, as computed after
 31 application of credits that, under IC 6-3.1-1-2, are to be applied before
 32 the credit provided by this chapter.

33 "Wages paid" includes all earnings surrendered to the department
 34 of correction under IC 11-10-7-5.

35 SECTION 20. IC 6-3.1-7-1 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this
 37 chapter:

38 "Enterprise zone" means an enterprise zone created under
 39 IC 4-4-6.1.

40 "Qualified loan" means a loan made to an entity that uses the loan
 41 proceeds for:

- 42 (1) a purpose that is directly related to a business located in an
 43 enterprise zone;
 44 (2) an improvement that increases the assessed value of real
 45 property located in an enterprise zone; or
 46 (3) rehabilitation, repair, or improvement of a residence.

1 "State tax liability" means a taxpayer's total tax liability that is
2 incurred under:

- 3 ~~(1) IC 6-2-1 (the gross income tax);~~
4 ~~(2) (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income~~
5 ~~tax);~~
6 ~~(3) IC 6-3-8 (the supplemental net income tax);~~
7 ~~(4) (2) IC 6-5-10 (the bank tax);~~
8 ~~(5) (3) IC 6-5-11 (the savings and loan association tax);~~
9 ~~(6) (4) IC 27-1-18-2 (the insurance premiums tax); and~~
10 ~~(7) (5) IC 6-5.5 (the financial institutions tax); and~~
11 **(6) IC 6-10 (the single business tax).**

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

15 "Taxpayer" means any person, corporation, limited liability
16 company, partnership, or other entity that has any state tax liability.

17 SECTION 21. IC 6-3.1-7-4 IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 4. (a) A credit to
19 which a taxpayer is entitled under this chapter shall be applied against
20 taxes owed by the taxpayer in the following order:

- 21 ~~(1) First, against the taxpayer's gross income tax liability (IC~~
22 ~~6-2-1) for the taxable year.~~
23 ~~(2) Second, against the taxpayer's adjusted gross income tax~~
24 ~~liability (IC 6-3-1 through IC 6-3-7) for the taxable year.~~
25 ~~(3) Third, against the taxpayer's supplemental net income tax~~
26 ~~liability (IC 6-3-8) for the taxable year.~~
27 **(1) First, against the single business tax (IC 6-10) for the**
28 **taxable year.**
29 ~~(4) Fourth, (2) Second,~~ against the taxpayer's bank tax liability
30 (IC 6-5-10) or savings and loan association tax liability (IC
31 6-5-11) for the taxable year.
32 ~~(5) Fifth, (3) Third,~~ against the taxpayer's insurance premiums
33 tax liability (IC 27-1-18-2) for the taxable year.

34 (b) If the tax paid by the taxpayer under a tax provision listed in
35 subsection (a) is a credit against the liability or a deduction in
36 determining the tax base under another Indiana tax provision, the credit
37 or deduction shall be computed without regard to the credit to which a
38 taxpayer is entitled under this chapter.

39 SECTION 22. IC 6-3.1-9-1 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this
41 chapter:

42 "Business firm" means any business entity authorized to do
43 business in the state of Indiana that is:

- 44 (1) subject to the ~~gross, adjusted gross, supplemental net income,~~
45 **single business** or financial institutions tax; **or**
46 (2) an employer exempt from adjusted gross income tax (IC

1 6-3-1 through IC 6-3-7). ~~under IC 6-3-2-2.8(2); or~~
 2 ~~(3) a partnership.~~

3 "Community services" means any type of counseling and advice,
 4 emergency assistance, medical care, recreational facilities, housing
 5 facilities, or economic development assistance to individuals, groups,
 6 or neighborhood organizations in an economically disadvantaged area.

7 "Crime prevention" means any activity which aids in the reduction
 8 of crime in an economically disadvantaged area.

9 "Economically disadvantaged area" means an enterprise zone, or
 10 any area in Indiana that is certified as an economically disadvantaged
 11 area by the department of commerce after consultation with the
 12 community services agency. The certification shall be made on the
 13 basis of current indices of social and economic conditions, which shall
 14 include but not be limited to the median per capita income of the area
 15 in relation to the median per capita income of the state or standard
 16 metropolitan statistical area in which the area is located.

17 "Education" means any type of scholastic instruction or
 18 scholarship assistance to an individual who resides in an economically
 19 disadvantaged area that enables him to prepare himself for better life
 20 opportunities.

21 "Enterprise zone" means an enterprise zone created under
 22 IC 4-4-6.1.

23 "Job training" means any type of instruction to an individual who
 24 resides in an economically disadvantaged area that enables him to
 25 acquire vocational skills so that he can become employable or be able
 26 to seek a higher grade of employment.

27 "Neighborhood assistance" means either:

28 (1) furnishing financial assistance, labor, material, and technical
 29 advice to aid in the physical or economic improvement of any
 30 part or all of an economically disadvantaged area; or

31 (2) furnishing technical advice to promote higher employment in
 32 any neighborhood in Indiana.

33 "Neighborhood organization" means any organization, including
 34 but not limited to a nonprofit development corporation:

35 (1) performing community services in an economically
 36 disadvantaged area; and

37 (2) holding a ruling:

38 (A) from the Internal Revenue Service of the United States
 39 Department of the Treasury that the organization is exempt
 40 from income taxation under the provisions of the Internal
 41 Revenue Code; and

42 (B) from the department of state revenue that the
 43 organization is exempt from income **and single business**
 44 taxation. ~~under IC 6-2.1-3-20.~~

45 "Person" means any individual subject to Indiana ~~gross or~~ adjusted
 46 gross income tax.

1 "State fiscal year" means a twelve (12) month period beginning on
2 July 1 and ending on June 30.

3 "Tax credit" means a deduction from any tax otherwise due and
4 payable under ~~IC 6-2-1~~; IC 6-3 or IC 6-5.5.

5 SECTION 23. IC 6-3.1-11-12 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 12. As used in
7 this chapter, "state tax liability" means the taxpayer's total tax liability
8 that is incurred under:

9 ~~(1) IC 6-2-1 (the gross income tax);~~

10 ~~(2) (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income~~
11 ~~tax);~~

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

13 ~~(4) (2) IC 6-5-10 (the bank tax);~~

14 ~~(5) (3) IC 6-5-11 (the savings and loan association tax);~~

15 ~~(6) (4) IC 27-1-18-2 (the insurance premiums tax); and~~

16 ~~(7) (5) IC 6-5.5 (the financial institutions tax); and~~

17 **(6) IC 6-10 (the single business tax).**

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

21 SECTION 24. IC 6-3.1-11-22 IS AMENDED TO READ AS
22 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 22. (a) A credit
23 to which a taxpayer is entitled under this chapter shall be applied
24 against taxes owed by the taxpayer in the following order:

25 ~~(1) Against the taxpayer's gross income tax liability (~~IC 6-2-1~~)~~
26 ~~for the taxable year.~~

27 ~~(2) (1) Against the taxpayer's adjusted gross income tax liability~~
28 ~~(IC 6-3-1 through IC 6-3-7) for the taxable year.~~

29 ~~(3) Against the taxpayer's supplemental net income tax liability~~
30 ~~(~~IC 6-3-8~~) for the taxable year.~~

31 ~~(4) (2) Against the taxpayer's bank tax liability (IC 6-5-10) or~~
32 ~~savings and loan association tax liability (IC 6-5-11) for the~~
33 ~~taxable year.~~

34 ~~(5) (3) Against the taxpayer's insurance premiums tax liability~~
35 ~~(IC 27-1-18-2) for the taxable year.~~

36 ~~(6) (4) Against the taxpayer's financial institutions tax (IC 6-5.5)~~
37 ~~for the taxable year.~~

38 **(5) Against the taxpayer's single business tax (IC 6-10) for**
39 **the taxable year.**

40 (b) Whenever the tax paid by the taxpayer under any of the tax
41 provisions listed in subsection (a) is a credit against the liability or a
42 deduction in determining the tax base under another Indiana tax
43 provision, the credit or deduction shall be computed without regard to
44 the credit to which a taxpayer is entitled under this chapter.

45 SECTION 25. IC 6-3.1-13-9 IS AMENDED TO READ AS
46 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. As used in this

1 chapter, "state tax liability" means a taxpayer's total tax liability that is
2 incurred under:

- 3 ~~(1) IC 6-2-1 (the gross income tax);~~
4 ~~(2) (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income~~
5 ~~tax);~~
6 ~~(3) IC 6-3-8 (the supplemental net income tax);~~
7 ~~(4) (2) IC 6-5-10 (the bank tax);~~
8 ~~(5) (3) IC 6-5-11 (the savings and loan association tax);~~
9 ~~(6) (4) IC 27-1-18-2 (the insurance premiums tax); and~~
10 ~~(7) (5) IC 6-5.5 (the financial institutions tax); and~~
11 **(6) IC 6-10 (the single business tax).**

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

15 SECTION 26. IC 6-3.1-14-4 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 4. The department
17 of state revenue shall apply a credit to which a taxpayer is entitled
18 under this chapter in the following manner:

- 19 ~~(1) First, against the taxpayer's gross income tax liability (IC~~
20 ~~6-2.1-1) for the taxable year;~~
21 ~~(2) Second, against the taxpayer's supplemental net income tax~~
22 ~~liability (IC 6-3-8) for the taxable year;~~
23 ~~(3) Third, against the taxpayer's adjusted gross income liability~~
24 ~~(IC 6-3-1 through IC 6-3-7) for the taxable year;~~

25 **against the taxpayer's single business tax liability (IC 6-10) for the**
26 **taxable year.**

27 SECTION 27. IC 6-3.1-15-5 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 5. As used in this
29 chapter, "state tax liability" means a taxpayer's total tax liability
30 incurred under:

- 31 ~~(1) IC 6-2.1 (the gross income tax);~~
32 ~~(2) (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income~~
33 ~~tax);~~
34 ~~(3) IC 6-3-8 (the supplemental net income tax);~~
35 ~~(4) (2) IC 6-5-10 (the bank tax);~~
36 ~~(5) (3) IC 6-5-11 (the savings and loan association tax);~~
37 ~~(6) (4) IC 27-1-18-2 (the insurance premiums tax); and~~
38 ~~(7) (5) IC 6-5.5 (the financial institutions tax); and~~
39 **(6) IC 6-10 (the single business tax).**

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

43 SECTION 28. IC 6-3.1-16-6 IS AMENDED TO READ AS
44 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 6. As used in this
45 chapter, "state tax liability" means a taxpayer's total tax liability
46 incurred under

1 ~~(1) IC 6-2-1 (the gross income tax);~~
 2 ~~(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);~~
 3 and
 4 ~~(3) IC 6-3-8 (the supplemental net income tax);~~
 5 as computed after the application of all credits that under ~~IC 6-3.1-1-2~~
 6 are to be applied before the credit provided by this chapter. **IC 6-10**
 7 **(the single business tax).**

8 SECTION 29. IC 6-3.1-16-13 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 13. (a) If the
 10 credit provided by this chapter exceeds a taxpayer's state tax liability
 11 for the taxable year for which the credit is first claimed, the excess may
 12 be carried over to succeeding taxable years and used as a credit against
 13 the tax otherwise due and payable by the taxpayer under ~~IC 6-2-1 or~~
 14 **IC 6-3 or IC 6-10** during those taxable years. Each time that the credit
 15 is carried over to a succeeding taxable year, the credit is to be reduced
 16 by the amount that was used as a credit during the immediately
 17 preceding taxable year. The credit provided by this chapter may be
 18 carried forward and applied to succeeding taxable years for fifteen (15)
 19 taxable years following the unused credit year.

20 (b) A credit earned by a taxpayer in a particular taxable year shall
 21 be applied against the taxpayer's tax liability for that taxable year
 22 before any credit carryover is applied against that liability under
 23 subsection (a).

24 (c) A taxpayer is not entitled to any carryback or refund of any
 25 unused credit.

26 SECTION 30. IC 6-3.1-17-3 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. As used in this
 28 chapter, "state tax liability" means a taxpayer's total tax liability that is
 29 incurred under:

30 ~~(1) IC 6-2-1 (the gross income tax);~~
 31 ~~(2) (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income~~
 32 ~~tax);~~
 33 ~~(3) IC 6-3-8 (the supplemental net income tax);~~
 34 ~~(4) (2) IC 6-5-10 (the bank tax);~~
 35 ~~(5) (3) IC 6-5-11 (the savings and loan association tax);~~
 36 ~~(6) (4) IC 27-1-18-2 (the insurance premiums tax); and~~
 37 ~~(7) (5) IC 6-5.5 (the financial institutions tax);~~
 38 ~~(8) (6) IC 6-2.5 (state gross retail and use tax); and~~
 39 **(7) IC 6-10 (the single business tax).**

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

43 SECTION 31. IC 6-3.5-1.1-1 IS AMENDED TO READ AS
 44 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this
 45 chapter:

46 "Adjusted gross income" has the same definition that the term is

1 given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer
 2 who is not a resident of a county that has imposed the county adjusted
 3 gross income tax, the term includes only adjusted gross income derived
 4 from his principal place of ~~business~~ or employment.

5 "Civil taxing unit" means any entity having the power to impose
 6 ad valorem property taxes except a school corporation. The term does
 7 not include a solid waste management district that is not entitled to a
 8 distribution under section 1.3 of this chapter. However, in the case of
 9 a consolidated city, the term "civil taxing unit" includes the
 10 consolidated city and all special taxing districts, all special service
 11 districts, and all entities whose budgets and property tax levies are
 12 subject to review under IC 36-3-6-9.

13 "County council" includes the city-county council of a
 14 consolidated city.

15 "County taxpayer" as it relates to a county for a year means any
 16 individual:

17 (1) who resides in that county on the date specified in section 16
 18 of this chapter; or

19 (2) who maintains his principal place of business or employment
 20 in that county on the date specified in section 16 of this chapter
 21 and who does not on that same date reside in another county in
 22 which the county adjusted gross income tax, the county option
 23 income tax, or the county economic development income tax is
 24 in effect.

25 "Department" refers to the ~~Indiana~~ department of state revenue.

26 "Nonresident county taxpayer" as it relates to a county for a year
 27 means any county taxpayer for that county for that year who is not a
 28 resident county taxpayer of that county for that year.

29 "Resident county taxpayer" as it relates to a county for a year
 30 means any county taxpayer who resides in that county on the date
 31 specified in section 16 of this chapter.

32 "School corporation" ~~means any public school corporation~~
 33 ~~established under Indiana law. has the meaning set forth in~~
 34 **IC 36-1-2-17.**

35 SECTION 32. IC 6-3.5-1.1-14 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 14. (a) In
 37 determining the amount of property tax replacement credits civil taxing
 38 units and school corporations of a county are entitled to receive during
 39 a calendar year, the state board of tax commissioners shall consider
 40 only property taxes imposed on tangible property that was assessed in
 41 that county.

42 (b) If a civil taxing unit or a school corporation is located in more
 43 than one (1) county and receives property tax replacement credits from
 44 one (1) or more of the counties, then the property tax replacement
 45 credits received from each county shall be used only to reduce the
 46 property tax rates that are imposed within the county that distributed

1 the property tax replacement credits.

2 (c) A civil taxing unit shall treat any property tax replacement
3 credits that it receives or is to receive during a particular calendar year
4 as a part of its property tax levy for that same calendar year for
5 purposes of fixing its budget and for purposes of the property tax levy
6 limits imposed by IC 6-1.1-18.5.

7 (d) A school corporation shall treat any property tax replacement
8 credits that the school corporation receives or is to receive during a
9 particular calendar year as a part of its property tax levy for its ~~general~~
10 ~~fund~~; debt service fund, capital projects fund, transportation fund, and
11 special education preschool fund in proportion to the levy for each of
12 these funds for that same calendar year for purposes of fixing its
13 budget. ~~and for purposes of the property tax levy limits imposed by~~
14 ~~IC 6-1.1-19~~. A school corporation shall allocate the property tax
15 replacement credits described in this subsection to all ~~five (5)~~ **four (4)**
16 funds in proportion to the levy for each fund.

17 SECTION 33. IC 6-5-10-8 IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. (a) Before the
19 twenty-first day of each month, an officer of each bank that is not under
20 the supervision of a liquidating agent shall deliver a statement in
21 duplicate to the auditor of the county in which the bank is located. The
22 officer shall deliver the statement on forms prescribed and furnished by
23 the department, shall sign the statement under penalty of perjury, and
24 shall include the following information, current as of the fifth day of
25 the month in which the statement is to be delivered:

- 26 (1) The number of shares of the bank.
27 (2) The amount of capital stock, surplus, and undivided profits
28 of the bank.
29 (3) The assessed value of all real estate that is owned by the bank
30 or leased by the bank and used for banking purposes.
31 (4) The amount of all deposits, public deposits, nonresident
32 deposits, and deposits of another financial institution in the bank.
33 (5) The amount of obligations of the United States, an
34 instrumentality of the United States, this state, or an
35 instrumentality or political subdivision of this state that are
36 owned by the bank.
37 (6) The amount of all taxable deposits in the bank, taxable shares
38 of the bank, and taxable surplus and profits of the bank.
39 (7) Subject to subsection (b), the amount of taxable deposits in
40 the principal office and in each branch office of the bank.
41 (8) The amount of tax that is due in that month under this
42 chapter.
43 ~~(9) If the bank is not a national banking association, the amount~~
44 ~~of credit that the bank claims for taxes paid under IC 6-2.1~~
45 ~~against the tax for which it is liable in that month under this~~
46 ~~chapter.~~

1 (b) For purposes of subsection (a)(7), a bank that does not
2 maintain a system of separate accounts for its branches shall:

3 (1) determine the proportion of taxable deposits in its principal
4 and branch offices on January 5 of each year by taking an actual
5 tally of its taxable deposits in those offices on that date; and

6 (2) allocate the value of taxable deposits among its principal and
7 branch offices in each subsequent month of that calendar year in
8 the proportion determined under ~~subsection (b)(1)~~ **subdivision**
9 **(1)**.

10 SECTION 34. IC 6-5-10-17 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 17. The tax
12 imposed by this chapter is in lieu of any other tax, except the tax
13 imposed under ~~IC 6-2.1 and IC 6-4.1~~ **and IC 6-10**, on the:

14 (1) shares of stock, surplus, undivided profits, reserves, and
15 deposits of a bank; and

16 (2) owners of the items listed in ~~subsection (1)~~ **subdivision (1)**.

17 SECTION 35. IC 6-5-11-3 IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) An
19 association is entitled to a credit against the tax imposed under this
20 chapter in the amount of taxes paid

21 ~~(1) on gross income under IC 6-2.1; and~~

22 ~~(2) on personal property under IC 6-1.1.~~

23 (b) An association may claim the credit on any return or returns
24 that it files after it pays the tax for which the credit is allowed.

25 SECTION 36. IC 6-5-11-11 IS AMENDED TO READ AS
26 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 11. (a) The tax
27 imposed by this chapter is in lieu of any other tax on the mortgages,
28 notes, and contracts for sale of real property of the association.

29 (b) Neither the association nor an owner of its shares of capital
30 stock is liable for any other tax, except the tax imposed by ~~IC 6-2.1 and~~
31 **IC 6-4.1 and IC 6-10**, on the shares of capital stock and surplus of the
32 association.

33 SECTION 37. IC 6-5-12-9 IS AMENDED TO READ AS
34 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. (a) The tax
35 imposed under this chapter is in lieu of any other tax on an association's
36 shares of capital stock and intangible property.

37 (b) Neither the association nor an owner of its shares of capital
38 stock is liable for any other tax, except the taxes imposed by ~~IC 6-2.1~~
39 **and IC 6-4.1 and IC 6-10**, on the shares of capital stock and surplus of
40 the association.

41 SECTION 38. IC 6-5.5-2-1 IS AMENDED TO READ AS
42 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. (a) There is
43 imposed on each taxpayer a franchise tax measured by the taxpayer's
44 adjusted gross income or apportioned income for the privilege of
45 exercising its franchise or the corporate privilege of transacting the
46 business of a financial institution in Indiana. The amount of the tax for

1 a taxable year shall be determined by multiplying ~~eight and one-half~~
2 **fifteen percent (8.5%) (15%)** times the remainder of:

3 (1) the taxpayer's adjusted gross income or apportioned income;
4 minus

5 (2) the taxpayer's deductible Indiana net operating losses as
6 determined under this section; minus

7 (3) the taxpayer's net capital losses minus the taxpayer's net
8 capital gains computed under the Internal Revenue Code for
9 each taxable year or part of a taxable year beginning after
10 December 31, 1989, multiplied by the apportionment percentage
11 applicable to the taxpayer under IC 6-5.5-2 for the taxable year
12 of the loss.

13 A net capital loss for a taxable year is a net capital loss carryover to
14 each of the five (5) taxable years that follow the taxable year in which
15 the loss occurred.

16 (b) The amount of net operating losses deductible under
17 subsection (a) is an amount equal to the net operating losses computed
18 under the Internal Revenue Code, adjusted for the items set forth in
19 IC 6-5.5-1-2, that are:

20 (1) incurred in each taxable year, or part of a year, beginning
21 after December 31, 1989; and

22 (2) attributable to Indiana.

23 (c) The following apply to determining the amount of net
24 operating losses that may be deducted under subsection (a):

25 (1) The amount of net operating losses that is attributable to
26 Indiana is the taxpayer's total net operating losses under the
27 Internal Revenue Code for the taxable year of the loss, adjusted
28 for the items set forth in IC 6-5.5-1-2, multiplied by the
29 apportionment percentage applicable to the taxpayer under
30 IC 6-5.5-2 for the taxable year of the loss.

31 (2) A net operating loss for any taxable year is a net operating
32 loss carryover to each of the fifteen (15) taxable years that follow
33 the taxable year in which the loss occurred.

34 (d) The following provisions apply to a combined return
35 computing the tax on the basis of the income of the unitary group when
36 the return is filed for more than one (1) taxpayer member of the unitary
37 group for any taxable year:

38 (1) Any net capital loss or net operating loss attributable to
39 Indiana in the combined return shall be prorated between each
40 taxpayer member of the unitary group by the quotient of:

41 (A) the receipts of that taxpayer member attributable to
42 Indiana under section 4 of this chapter; divided by

43 (B) the receipts of all taxpayer members of the unitary
44 group attributable to Indiana.

45 (2) The net capital loss or net operating loss for that year, if any,
46 to be carried forward to any subsequent year shall be limited to

1 the capital gains or apportioned income for the subsequent year
2 of that taxpayer, determined by the same receipts formula set out
3 in subdivision (1).

4 SECTION 39. IC 6-5.5-9-3 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. If the tax
6 imposed by this article is held inapplicable or invalid with respect to a
7 taxpayer, then notwithstanding the statute of limitations set forth in
8 IC 6-8.1-5-2(a), the taxpayer is liable for the taxes imposed by ~~IC 6-2-1;~~
9 IC 6-3, ~~and IC 6-5,~~ **and IC 6-10** for the taxable periods with respect to
10 which the tax under this article is held inapplicable or invalid. In
11 addition, personal property is exempt from assessment and property
12 taxation under IC 6-1.1 if:

- 13 (1) the personal property is owned by a financial institution;
14 (2) the financial institution is subject to the bank tax imposed
15 under IC 6-5-10; and
16 (3) the property is not leased by the financial institution to a
17 lessee under circumstances in which possession is transferred to
18 the lessee.

19 SECTION 40. IC 6-5.5-9-4 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 4. (a) A taxpayer
21 who is subject to taxation under this article for a taxable year or part of
22 a taxable year is not, for that taxable year or part of a taxable year,
23 subject to:

- 24 ~~(1) the gross income tax imposed by IC 6-2-1;~~
25 ~~(2) (1) the income taxes imposed by IC 6-3; and~~
26 ~~(3) (2) the bank, savings and loan, or production credit~~
27 ~~association tax imposed by IC 6-5.~~

28 (b) The exemptions provided for the taxes listed in subsection
29 (a)(1) through (a)(2) do not apply to a taxpayer to the extent the
30 taxpayer is acting in a fiduciary capacity.

31 SECTION 41. IC 6-8.1-1-1 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. "Listed taxes"
33 or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through
34 IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat
35 wagering tax (IC 4-33-13); ~~the gross income tax (IC 6-2-1);~~ the state
36 gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC
37 6-3); ~~the supplemental net income tax (IC 6-3-8);~~ the county adjusted
38 gross income tax (IC 6-3.5-1.1); the county option income tax (IC
39 6-3.5-6); the county economic development income tax (IC 6-3.5-7);
40 the auto rental excise tax (IC 6-6-9); the bank tax (IC 6-5-10); the
41 savings and loan association tax (IC 6-5-11); the production credit
42 association tax (IC 6-5-12); the financial institutions tax (IC 6-5.5); the
43 gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1);
44 the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1);
45 a motor fuel tax collected under a reciprocal agreement under
46 IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the hazardous

1 waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); **the single**
 2 **business tax (IC 6-10)**; the beer excise tax (IC 7.1-4-2); the liquor
 3 excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider
 4 excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the
 5 petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC
 6 6-9); the various county food and beverage taxes (IC 6-9); the county
 7 admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC
 8 16-44-2); the emergency and hazardous chemical inventory form fee
 9 (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and
 10 IC 9-30); the fees and penalties assessed for overweight vehicles (IC
 11 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the
 12 solid waste management fee (IC 13-20-22); and any other tax or fee
 13 that the department is required to collect or administer.

14 SECTION 42. IC 6-8.1-1-5 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 5. "Income tax"
 16 includes ~~the gross income tax (IC 6-2-1)~~; the adjusted gross income tax
 17 (IC 6-3), ~~the supplemental net income tax (IC 6-3-8)~~; the county
 18 adjusted gross income tax (IC 6-3.5-1.1), and the county option income
 19 tax (IC 6-3.5-6).

20 SECTION 43. IC 6-8.1-3-16 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 16. (a) The
 22 department shall prepare a list of all outstanding tax warrants for listed
 23 taxes each month. The list shall identify each taxpayer liable for a
 24 warrant by name, address, amount of tax, and either Social Security
 25 number or employer identification number. Unless the department
 26 renews the warrant, the department shall exclude from the list a warrant
 27 issued more than ten (10) years before the date of the list. The
 28 department shall certify a copy of the list to the bureau of motor
 29 vehicles.

30 (b) The department shall prescribe and furnish tax release forms
 31 for use by tax collecting officials. A tax collecting official who collects
 32 taxes in satisfaction of an outstanding warrant shall issue to the
 33 taxpayers named on the warrant a tax release stating that the tax has
 34 been paid. The department may also issue a tax release:

35 (1) to a taxpayer who has made arrangements satisfactory to the
 36 department for the payment of the tax; or

37 (2) by action of the commissioner under IC 6-8.1-8-2(k).

38 (c) The department may not issue or renew:

39 (1) a certificate under IC 6-2.5-8;

40 (2) a license under IC 6-6-1.1 or IC 6-6-2.5; or

41 (3) a permit under IC 6-6-4.1;

42 to a taxpayer whose name appears on the most recent monthly warrant
 43 list, unless that taxpayer pays the tax, makes arrangements satisfactory
 44 to the department for the payment of the tax, or a release is issued
 45 under IC 6-8.1-8-2(k).

46 (d) The bureau of motor vehicles shall, before issuing the title to

1 a motor vehicle under IC 9-17, determine whether the purchaser's or
 2 assignee's name is on the most recent monthly warrant list. If the
 3 purchaser's or assignee's name is on the list, the bureau shall enter as
 4 a lien on the title the name of the state as the lienholder unless the
 5 bureau has received notice from the commissioner under
 6 IC 6-8.1-8-2(k). The tax lien on the title:

7 (1) is subordinate to a perfected security interest (as defined and
 8 perfected in accordance with IC 26-1-9); and

9 (2) shall otherwise be treated in the same manner as other title
 10 liens.

11 (e) The commissioner is the custodian of all titles for which the
 12 state is the sole lienholder under this section. Upon receipt of the title
 13 by the department, the commissioner shall notify the owner of the
 14 department's receipt of the title.

15 (f) The department shall reimburse the bureau of motor vehicles
 16 for all costs incurred in carrying out this section.

17 (g) Notwithstanding IC 6-8.1-8, a person who is authorized to
 18 collect taxes, interest, or penalties on behalf of the department under
 19 ~~IC 6-2-1~~, IC 6-3 or IC 6-3.5 may not, except as provided in subsection
 20 (h) or (i), receive a fee for collecting the taxes, interest, or penalties if:

21 (1) the taxpayer pays the taxes, interest, or penalties as
 22 consideration for the release of a lien placed under subsection
 23 (d) on a motor vehicle title; or

24 (2) the taxpayer has been denied a certificate or license under
 25 subsection (c) within sixty (60) days before the date the taxes,
 26 interest, or penalties are collected.

27 (h) In the case of a sheriff, subsection (g) does not apply if:

28 (1) the sheriff collects the taxes, interest, or penalties within
 29 sixty (60) days after the date the sheriff receives the tax warrant;
 30 or

31 (2) the sheriff collects the taxes, interest, or penalties through the
 32 sale or redemption, in a court proceeding, of a motor vehicle that
 33 has a lien placed on its title under subsection (d).

34 (i) In the case of a person other than a sheriff:

35 (1) subsection (g)(2) does not apply if the person collects the
 36 taxes, interests, or penalties within sixty (60) days after the date
 37 the commissioner employs the person to make the collection;
 38 and

39 (2) subsection (g)(1) does not apply if the person collects the
 40 taxes, interest, or penalties through the sale or redemption, in a
 41 court proceeding, of a motor vehicle that has a lien placed on its
 42 title under subsection (d).

43 SECTION 44. IC 6-8.1-5-2 IS AMENDED TO READ AS
 44 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. (a) Except as
 45 otherwise provided in this section, the department may not issue a
 46 proposed assessment under section 1 of this chapter more than three (3)

1 years after the latest of the date the return is filed, or any of the
2 following:

- 3 (1) the due date of the return; or
- 4 (2) in the case of a return filed for the state gross retail or use
- 5 tax, the gasoline tax, the special fuel tax, the motor carrier fuel
- 6 tax, the oil inspection fee, or the petroleum severance tax, the
- 7 end of the calendar year which contains the taxable period for
- 8 which the return is filed.

9 (b) If a person files an adjusted gross income tax (IC 6-3),
10 ~~supplemental net income tax (IC 6-3-8)~~, county adjusted gross income
11 tax (IC 6-3.5-1.1), county option income tax (IC 6-3.5-6), or financial
12 institutions tax (IC 6-5.5) return that understates the person's income,
13 as that term is defined in the particular income tax law, by at least
14 twenty-five percent (25%), the proposed assessment limitation is six
15 (6) years instead of the three (3) years provided in subsection (a).

16 (c) In the case of the motor vehicle excise tax (IC 6-6-5), the tax
17 shall be assessed as provided in IC 6-6-5-5 and IC 6-6-5-6 and shall
18 include the penalties and interest due on all listed taxes not paid by the
19 due date. A person that fails to properly register a vehicle as required
20 by IC 9-18 and pay the tax due under IC 6-6-5 is considered to have
21 failed to file a return for purposes of this article.

22 (d) If a person files a fraudulent, unsigned, or substantially blank
23 return, or if a person does not file a return, there is no time limit within
24 which the department must issue its proposed assessment.

25 (e) If, before the end of the time within which the department may
26 make an assessment, the department and the person agree to extend
27 that assessment time period, the period may be extended according to
28 the terms of a written agreement signed by both the department and the
29 person. The agreement must contain:

- 30 (1) the date to which the extension is made; and
- 31 (2) a statement that the person agrees to preserve the person's
- 32 records until the extension terminates.

33 The department and a person may agree to more than one (1) extension
34 under this subsection.

35 (f) If a taxpayer's federal income tax liability for a taxable year is
36 modified due to the assessment of a federal deficiency or the filing of
37 an amended federal income tax return, then the date by which the
38 department must issue a proposed assessment under section 1 of this
39 chapter for tax imposed under IC 6-3 is extended to six (6) months after
40 the date on which the notice of modification is filed with the
41 department by the taxpayer.

42 SECTION 45. IC 6-10 IS ADDED TO THE INDIANA CODE AS
43 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE
44 JANUARY 1, 2000]:

45 **ARTICLE 10. SINGLE BUSINESS TAX**
46 **Chapter 1. Definitions**

1 **Sec. 1. (a)** The definitions in this chapter apply throughout this
2 article.

3 **(b)** A term used in this article and not defined differently has
4 the same meaning as used in comparable context in the laws of the
5 United States relating to federal income taxes in effect for the tax
6 year, unless a different meaning is clearly required. A reference in
7 this act to the Internal Revenue Code includes other provisions of
8 the laws of the United States relating to federal income taxes.

9 **Sec. 2. "Active shareholder"** means a shareholder who
10 receives at least ten thousand dollars (\$10,000) in compensation,
11 director's fees, or dividends from a business and owns at least five
12 percent (5%) of the outstanding stock of the business.

13 **Sec. 3. "Adjusted business income"** means business income,
14 adjusted as follows:

15 (1) Add compensation and director's fees of active
16 shareholders of a corporation.

17 (2) Make the adjustments provided in IC 6-10-6.

18 (3) Add compensation and director's fees of officers of a
19 corporation.

20 **Sec. 4. "Adjusted tax base"** means the tax base:

21 (1) allocated or apportioned to Indiana under IC 6-10-5:

22 (2) with the adjustments under IC 6-10-6; and

23 (3) minus the:

24 (A) credits under IC 6-10-3 and IC 6-10-4; and

25 (B) exemptions prescribed by IC 6-10-2.

26 **Sec. 5. "Affiliated group"** means two (2) or more corporations,
27 one (1) of which owns or controls, directly or indirectly, eighty
28 (80%) or more of the capital stock with voting rights of the other
29 corporation or corporations.

30 **Sec. 6. "Business activity"** means a transaction in the stream
31 of commerce in Indiana, with the object of gain, benefit, or
32 advantage to the taxpayer or to others, except for services
33 rendered by an employee to the employee's employer, services as
34 a director of a corporation, or a casual transaction. Although an
35 activity of a taxpayer may be incidental to another business
36 activity, each activity is considered to be business engaged in for
37 purposes of this article.

38 **Sec. 7. "Business income":**

39 (1) for a corporation means federal taxable income;

40 (2) for a partnership or S corporation means payments and
41 items of income and expense attributable to business activity
42 of the partnership or S corporation and separately reported
43 to the partners or stockholders; and

44 (2) for all other businesses means the part of federal taxable
45 income derived from business activity.

46 **Sec. 8. "Casual transaction"** means a transaction made or

1 engaged in other than in the ordinary course of repeated and
 2 successive transactions of like character. However, a transaction
 3 incidental to regular business activity is business activity for
 4 purposes of this article.

5 **Sec. 9. "Central city"** means a city that has the largest
 6 population within a metropolitan statistical area as designated by
 7 the United States Bureau of the Census and that meets all of the
 8 following criteria or a city that has the largest population within a
 9 county, but not less than forty thousand (40,000), and meets all of
 10 the following criteria:

11 (1) Has a poverty rate for families that is more than the
 12 statewide average rate as defined by the most recent federal
 13 decennial census.

14 (2) Shows a population decline from the next most recent to
 15 the most recent federal decennial census.

16 (3) Has had an increase in state equalized assessed valuation
 17 of real and personal property over the preceding ten (10)
 18 calendar years that is less than the statewide average
 19 increase in state equalized valuation over the preceding ten
 20 (10) calendar years.

21 (4) Has had an unemployment rate higher than the state
 22 average unemployment rate for three (3) of the preceding
 23 five (5) calendar years.

24 However, a central city does not include an area that has been
 25 designated an enterprise zone.

26 **Sec. 10. "Executive director"** means the executive director of
 27 the state department of revenue.

28 **Sec. 11.** Except as otherwise provided in this section,
 29 "compensation" means all wages, salaries, fees, bonuses,
 30 commissions, or other payments made in the taxable year on behalf
 31 of employees, officers, or directors of the taxpayers and subject to
 32 or specifically exempt from withholding under Chapter 24,
 33 (Sections 3401 through 3406) of the Internal Revenue Code.
 34 Compensation does not include any of the following:

35 (1) Discounts on the price of the taxpayer's merchandise or
 36 services sold to the taxpayer's employees, officers, or
 37 directors that are not available to other customers.

38 (2) Payments to an independent contractor.

39 (3) The employer's portion of payments under the Federal
 40 Insurance Contribution Act, the Railroad Retirement Tax
 41 Act, Chapter 22 of Title 26 of the United States Code, 26
 42 U.S.C. 3201 to 3233, and any similar social insurance
 43 programs.

44 (4) Payments, including self-insurance payments, for
 45 worker's compensation insurance or Federal Employers
 46 Liability Act insurance under 45 U.S.C. 51 to 60.

1 **Sec. 12. "Department"** means the department of state revenue.

2 **Sec. 13. "Employee"** means an employee as defined in Section
3 **3401(c) of the Internal Revenue Code.**

4 **Sec. 14. "Employer"** means an employer as defined in Section
5 **3401(d) of the Internal Revenue Code.**

6 **Sec. 15. "Federal taxable income"** means taxable income as
7 defined in Section 63 of the Internal Revenue Code.

8 **Sec. 16. "Financial organization"** means a bank, an industrial
9 bank, a trust company, a building and loan or savings and loan
10 association, a bank holding company (as defined in 12 U.S.C. 1841),
11 a credit union, a safety and collateral deposit company, a regulated
12 investment company (as defined in the Internal Revenue Code),
13 and any other association, joint stock company, or corporation at
14 least ninety percent (90%) of whose assets consist of intangible
15 personal property and at least ninety percent (90%) of whose gross
16 receipts income consists of dividends or interest or other charges
17 resulting from the use of money or credit.

18 **Sec. 17. (a) "Gross receipts"** means the sum of sales, rental or
19 lease receipts.

20 **(b) "Gross receipts"** does not include the amounts received in
21 an agency or other representative capacity, solely on behalf of
22 another or others but not including amounts received by persons
23 having the power or authority to expend or otherwise appropriate
24 the amounts in payment for or in consideration of sales or services
25 made or rendered by themselves or by others acting under their
26 direction and control or by such fiduciaries as guardians,
27 executors, administrators, receivers, conservators, or trustees
28 other than trustees of taxes received or collected from others under
29 direction of the laws of the federal government or of any state or
30 local governments.

31 **Sec. 18. "Internal Revenue Code"** means the United States
32 Internal Revenue Code.

33 **Sec. 19. "Insurance company"** means the same as defined in
34 Section 816 of the Internal Revenue Code.

35 **Sec. 20. "Loss adjustment"** means the amount by which
36 adjusted business income was less than zero (0) in any of the five
37 (5) tax years immediately preceding the tax year for which
38 eligibility for the credit provided by this article is being
39 determined.

40 **Sec. 21. "Officer"** means an officer of a corporation other than
41 a subchapter S corporation, including the chairperson of the
42 board, president, vice president, secretary, and treasurer, and
43 persons performing similar duties.

44 **Sec. 22. "Person"** means an individual, a firm, a bank, a
45 financial institution, a limited partnership, a copartnership, a
46 partnership, a joint venture, an association, a corporation, a

1 receiver, an estate, a trust, or any other group or combination
2 acting as a unit.

3 **Sec. 23. "Rent"** means a lease or other payment for the use of
4 property to which the taxpayer does not have legal or equitable
5 title.

6 **Sec. 24. "Sale" or "sales"** means the gross receipts arising
7 from a transaction or transactions when gross receipts constitute
8 consideration:

9 (1) for the transfer of title to, or possession of, property that
10 is stock in trade or other property of a kind that would
11 properly be included in the inventory of the taxpayer if on
12 hand at the close of the tax period or property held by the
13 taxpayer primarily for sale to customers in the ordinary
14 course of its trade or business;

15 (2) for the performance of services constitute business
16 activities other than those included in subdivision (1); or

17 (3) from any combination of subdivision (1) or (2).

18 **Sec. 25. "Shareholder"** means a person who is the owner of
19 stock, directly or indirectly, including stock owned by or for family
20 members as defined in Section 318(a)(1) of the Internal Revenue
21 Code.

22 **Sec. 26. "Subchapter S corporation" or "S corporation"**
23 means a corporation electing taxation under subchapter S of
24 chapter 1 of Subtitle A of the Internal Revenue Code, Sections 1361
25 through 1379 of the Internal Revenue Code.

26 **Sec. 27. "State"** means any state of the United States, the
27 District of Columbia, the Commonwealth of Puerto Rico, any
28 territory or possession of the United States, and any foreign
29 country or political subdivision of any of the foregoing.

30 **Sec. 28. "Tax year" or "taxable year"** means the calendar
31 year, or the fiscal year ending during the calendar year, upon the
32 basis of which the tax base is computed under this article. When a
33 return is made for a fractional part of a year, tax year means the
34 period for which the return is made. Except for the first return
35 required by this article, a taxpayer's tax year is the same period as
36 is covered by the taxpayer's federal income tax return.

37 **Sec. 29. "Taxpayer"** means a person liable for a tax, an
38 interest or a penalty under this article.

39 **Sec. 30. "Unrelated business activity"** means any business
40 activity that gives rise to unrelated taxable income as defined in the
41 Internal Revenue Code.

42 Chapter 2. Single Business Tax

43 **Sec. 1. (a)** There is levied and imposed a tax of fourteen
44 percent (2.3%) upon the adjusted tax base of every person with
45 business activity in this state.

46 (b) The tax levied and imposed under this section is upon the

1 **privilege of doing business and not upon income.**

2 **(c) The department shall annualize the rate as provided for in**
 3 **subsection (a) and as necessary for tax years that end after**
 4 **December 31, 1999, and the applicable annualized rate is imposed**
 5 **for those tax years.**

6 **(d) The tax imposed under this section shall be known as the**
 7 **single business tax.**

8 **(e) All revenue collected from the single business tax shall be**
 9 **deposited in the state general fund.**

10 **Sec. 2. (a) The following are exempt from the tax imposed**
 11 **under section 1 of this chapter:**

12 **(1) For tax years:**

13 **(A) beginning after December 31, 1998, and before**
 14 **January 1, 2000, the first forty thousand dollars**
 15 **(\$40,000);**

16 **(B) beginning after December 31, 1999, and before**
 17 **January 1, 2001, the first forty-one thousand dollars**
 18 **(\$41,000);**

19 **(C) beginning after December 31, 2000, and before**
 20 **January 1, 2002, the first forty-two thousand dollars**
 21 **(\$42,000);**

22 **(D) beginning after December 31, 2001, and before**
 23 **January 1, 2003, the first forty-three thousand dollars**
 24 **(\$43,000);**

25 **(E) beginning after December 31, 2002, and before**
 26 **January 1, 2004, the first forty-four thousand dollars**
 27 **(\$44,000); and**

28 **(F) beginning after December 31, 2003, the first**
 29 **forty-five thousand dollars (\$45,000).**

30 **of the tax base of every person. However, these exemptions**
 31 **shall be increased by twelve thousand dollars (\$12,000) for**
 32 **each partner of a partnership, each shareholder of a**
 33 **subchapter S corporation, or each shareholder of a**
 34 **professional corporation whose business income from that**
 35 **business is at least twelve thousand dollars (\$12,000) and**
 36 **who owns at least ten percent (10%) of that business. For a**
 37 **taxpayer whose business activity is for a fractional part of a**
 38 **year, the exemption provided in this subdivision (including**
 39 **the increase in the exemption) shall be prorated for the**
 40 **period of the taxpayer's business activity. This exemption**
 41 **provided in this subdivision shall be reduced by one dollar**
 42 **(\$1) for each one dollar (\$1) that business income exceeds the**
 43 **amount of the exemption. For the purposes of computing the**
 44 **exemption provided in this subdivision, "business income"**
 45 **means that term (as defined in IC 6-10-1-7) plus**
 46 **compensation and director's fees of shareholders of a**

1 corporation and any carryback or carryover of a net
 2 operating loss or capital loss to the extent deducted in
 3 arriving at federal taxable income. In calculating eligibility
 4 for the exemption provided in this subdivision, a person who
 5 is not a corporation may elect to average its business income
 6 for the current year and the previous four (4) taxable years.
 7 Business income as defined in this subdivision may not be
 8 less than zero (0).

9 (2) The United States, Indiana, other states, and their
 10 agencies, political subdivisions, and enterprises.

11 (3) A person who is exempt from federal income tax under
 12 the Internal Revenue Code, and a partnership, a limited
 13 liability company, a joint venture, a general partnership, a
 14 limited partnership, an unincorporated association, or other
 15 group or combination of entities acting as a unit if the
 16 activities of the entity are exclusively related to the
 17 charitable, educational, or other purpose or function that is
 18 the basis for the exemption from federal income taxation
 19 under the Internal Revenue Code of the partners or
 20 members, and if all of the partners or members of the entity
 21 except the following are exempt from federal income tax
 22 under the Internal Revenue Code:

23 (A) An organization included under Section 501(c)(12)
 24 or 501(c)(16) of the Internal Revenue Code.

25 (B) An organization exempt under Section 501(c)(4) of
 26 the Internal Revenue Code that would be exempt under
 27 Section 501(c)(12) of the Internal Revenue Code but for
 28 its failure to meet the requirements in Section 501(c)(12)
 29 that eighty-five percent (85%) or more of its income
 30 must consist of amounts collected from members.

31 (C) The adjusted tax base attributable to the activities
 32 giving rise to the unrelated taxable business income of
 33 an exempt person.

34 (D) The first one hundred thirty million dollars
 35 (\$130,000,000) of disability insurance premiums written
 36 in Indiana, other than credit insurance and disability
 37 income insurance premiums, of each insurer subject to
 38 tax under this article. This exemption is reduced by two
 39 dollars (\$2) for each one dollar (\$1) by which the
 40 insurer's gross premiums from insurance carrier
 41 services in Indiana and outside Indiana exceed one
 42 hundred eighty million dollars (\$180,000,000).

43 (E) A nonprofit cooperative housing corporation. As
 44 used in this clause, "nonprofit cooperative housing
 45 corporation" means a cooperative housing corporation
 46 that is engaged in providing housing services to its

1 stockholders and members and that does not pay
 2 dividends or interest upon stock or membership
 3 investment but that does distribute all earnings to its
 4 stockholders or members. This exemption does not
 5 apply to a business activity of a nonprofit cooperative
 6 housing corporation other than providing housing
 7 services to its stockholders and members.

8 (F) That portion of the tax base attributable to the
 9 production of agricultural goods by a person whose
 10 primary activity is the production of agricultural goods.
 11 For purposes of this clause, "production of agricultural
 12 goods" means commercial farming, including:

- 13 (i) cultivation of the soil;
- 14 (ii) growing and harvesting of an agricultural, a
 15 horticultural, or a floricultural commodity;
- 16 (iii) dairying; raising of livestock, bees, fish,
 17 fur-bearing animals, or poultry; or
- 18 (iv) turf or tree farming;

19 but does not include the marketing at retail of agricultural
 20 goods.

21 (G) A farmers' cooperative corporation that was at any
 22 time exempt because the corporation was exempt from
 23 federal income taxes under Section 521 of the Internal
 24 Revenue Code and that would continue to be exempt
 25 under Section 521 of the Internal Revenue Code except
 26 for either of the following activities:

- 27 (i) The corporation's repurchase from nonproducer
 28 customers of portions or components of
 29 commodities the corporation markets to those
 30 nonproducer customers and the corporation's
 31 subsequent manufacturing or marketing of the
 32 repurchased portions or components of the
 33 commodities.
- 34 (ii) The corporation's incidental or emergency
 35 purchases of commodities from nonproducers to
 36 facilitate the manufacturing or marketing of
 37 commodities purchased from producers.

38 (H) That portion of the tax base attributable to the
 39 direct and indirect marketing activities of a farmers'
 40 cooperative corporation, if those marketing activities
 41 are provided on behalf of the members of that
 42 corporation and are related to the members' direct sales
 43 of their products to third parties, or, for livestock, are
 44 related to the members' direct or indirect sales of that
 45 product to third parties. Marketing activities for a
 46 product that is not livestock are not exempt under this

1 subdivision if the farmers' cooperative corporation takes
2 physical possession of the product.

3 (b) An affiliated group, a controlled group of corporations as
4 defined in Section 1563 of the Internal Revenue Code, or an entity
5 under common control as defined in the Internal Revenue Code is
6 entitled to only one (1) exemption allowed by this section whether
7 or not a combined or consolidated return is filed.

8 (c) This section does not exempt a farmers' cooperative
9 corporation if the total dollar value of the corporation's incidental
10 and emergency purchases are equal to or greater than five percent
11 (5%) of the total dollar value of the corporation's repurchases.

12 Chapter 3. Single Business Tax Standard Credit

13 Sec. 1. (a) Every taxpayer with business income less than one
14 million dollars (\$1,000,000), except for an insurance company or a
15 financial institution, is allowed the following credit against the tax
16 imposed by this article for a portion of the single business tax paid
17 for the same year:

18 (1) For net business income that is twenty thousand dollars
19 (\$20,000) or less, a credit of twenty percent (20%) of the
20 single business tax is allowed.

21 (2) For net business income that is more than twenty
22 thousand dollars (\$20,000) but less than forty thousand
23 dollars (\$40,000), a credit of fifteen percent (15%) of the
24 single business tax is allowed.

25 (3) For net business income that is more than forty thousand
26 dollars (\$40,000), a credit of ten percent (10%) of the single
27 business tax is allowed.

28 (b) The credit allowed by this section may not exceed the
29 personal tax liability of the taxpayer.

30 (c) The credit allowed by this section may not be claimed by
31 any taxpayer that elects the fifty percent (50%) gross receipts
32 limitation for the same tax year under IC 6-10-4-2(b).

33 Chapter 4. Single Business Tax Credits

34 Sec. 1. The credit provided in this section must be taken after
35 the single business tax standard credit, but before any other credit
36 under this article, and is available to any person whose gross
37 receipts do not exceed ten million dollars (\$10,000,000) for a tax
38 year and whose adjusted business income minus the loss
39 adjustment does not exceed four hundred seventy-five thousand
40 dollars (\$475,000) for a tax year, subject to the following:

41 (1) An individual, a partnership, or a subchapter S
42 corporation is disqualified if the individual, any one (1)
43 partner of the partnership, or any one (1) shareholder of the
44 subchapter S corporation receives more than one hundred
45 fifteen thousand dollars (\$115,000) for a tax year as a
46 distributive share of the adjusted business income minus the

- 1 **loss adjustment of the individual, the partnership, or the**
 2 **subchapter S corporation.**
- 3 **(2) A corporation other than a subchapter S corporation is**
 4 **disqualified if compensation and director's fees of a**
 5 **shareholder or an officer exceed one hundred fifteen**
 6 **thousand dollars (\$115,000) for a tax year.**
- 7 **(3) For a taxpayer that is eligible for the credit under this**
 8 **section, the credit determined under this section must be**
 9 **reduced by the following percentages in the following**
 10 **circumstances:**
- 11 **(A) The credit allowed under this section is reduced by**
 12 **twenty-five percent (25%) if:**
- 13 **(i) the amount an individual, any one (1) partner of**
 14 **the partnership, or any one (1) shareholder of the**
 15 **subchapter S corporation receives as a distributive**
 16 **share of adjusted gross income minus the loss**
 17 **adjustment of the individual, partnership, or**
 18 **subchapter S corporation; or**
- 19 **(ii) compensation and directors' fees of a**
 20 **shareholder or an officer of a corporation other**
 21 **than a subchapter S corporation;**
- 22 **is more than one hundred thousand dollars (\$100,000).**
- 23 **(B) The credit is reduced by fifty percent (50%) if:**
- 24 **(i) the amount an individual, a partner of the**
 25 **partnership, or a shareholder of the subchapter S**
 26 **corporation receives as a distributive share of**
 27 **adjusted gross income minus the loss adjustment of**
 28 **the individual, partnership, or subchapter S**
 29 **corporation; or**
- 30 **(ii) compensation and directors' fees of a**
 31 **shareholder or an officer of a corporation other**
 32 **than a subchapter S corporation;**
- 33 **is more than one hundred ten thousand dollars**
 34 **(\$110,000).**
- 35 **(4) For the purposes of determining disqualification under**
 36 **this section, an active shareholder's share of business income**
 37 **may not be attributed to another active shareholder.**
- 38 **(5) A person who qualifies for a credit under this section is**
 39 **allowed a credit against the single business tax under**
 40 **IC 6-10-2 equal to the amount by which the single business**
 41 **tax exceeds four percent (4%) of adjusted business income.**
 42 **The department must annualize the rates provided under**
 43 **this subdivision as necessary for tax years that end after**
 44 **December 31, 1999, and the applicable annualized rate shall**
 45 **be imposed for those tax years.**
- 46 **(6) An affiliated group (as defined in IC 6-10-1-5), a**

1 controlled group of corporations as defined in Section 1563
 2 of the Internal Revenue Code and further described in 26
 3 CFR 1.414(b)-1 and 1.414(c)-1 to 1.414(c)-5, or an entity
 4 under common control as defined in the Internal Revenue
 5 Code may not take the credit allowed by this section unless
 6 the business activities of the entities are consolidated.

7 (7) The department must permit a taxpayer who elects to
 8 claim the credit allowed by this section based on the amount
 9 by which the single business tax exceeds the percentage of
 10 adjusted business income for the tax year as determined
 11 under subdivision (5), and who is not required to reduce the
 12 credit under subdivision (3), to file and pay the tax imposed
 13 by this article without applying the other provisions of the
 14 single business tax imposed under this article.

15 **Sec. 2. (a) A taxpayer may claim a credit equal only to a**
 16 **positive amount, if any, that results from the following:**

17 (1) Determine the taxpayer's tax liability for the tax year
 18 before the credit under this section is taken.

19 (2) Determine the taxpayer's tax liability for the tax year
 20 including the following:

21 (A) Determine the adjustments under IC 6-10-6.

22 (B) Determine the apportionment or allocation under
 23 IC 6-10-5.

24 (3) Subtract the amount determined under subdivision (2)
 25 from the amount determined under subdivision (1).

26 (4) Subtract five million dollars (\$5,000,000) from the result
 27 determined under subdivision (3).

28 (b) The credit under this section may not be claimed by a
 29 taxpayer for a tax year in which the taxpayer claims a credit under
 30 any other section of this chapter.

31 **Sec. 3. (a) A taxpayer may claim a credit against the tax**
 32 **imposed by IC 6-10-2 in an amount equal to the tax liability**
 33 **attributable to business activity in an enterprise zone.**

34 (b) The tax liability attributable to business activity in an
 35 enterprise zone is the tax liability imposed by this article after the
 36 calculation of the credits provided in this chapter multiplied by one
 37 (1) of the following:

38 (1) For a new business, a fraction, the numerator of which is
 39 the ratio of property located in the enterprise zone to all
 40 property located in this state plus the ratio of payroll in the
 41 enterprise zone to all payroll in this state and the
 42 denominator of which is two (2).

43 (2) For an existing business, a fraction, the numerator of
 44 which is the ratio of the value of a new facility to all property
 45 located in this state plus the ratio of payroll attributable to
 46 the new facility to all payroll in this state and the

1 denominator of which is two (2).

2 (c) The credit allowed under this section may not exceed the
3 tax liability of the taxpayer for the tax year.

4 Sec. 4. (a) A taxpayer engaged in a high technology activity
5 that qualifies under this section may claim a credit against the tax
6 imposed by IC 6-10-2 in an amount equal to the tax liability
7 attributable to that high technology activity.

8 (b) For purposes of this section, "high technology activity"
9 means business activity determined by the department to be high
10 technology activity.

11 (c) A taxpayer that engages in a high technology activity that
12 qualifies under the criteria of subsection (e) may claim credit
13 against the tax imposed by IC 6-10-2 in an amount equal to the tax
14 liability attributable to that high technology activity.

15 (d) The tax liability attributable to the high technology activity
16 described in subsection (a) is the tax liability imposed by this
17 article after the calculation of the credits provided in IC 6-10-3 and
18 in this chapter, multiplied by a fraction, the numerator of which is
19 the ratio of property used for the high technology activity to all
20 property located in this state plus the ratio of payroll for the high
21 technology activity to all payroll in this state and the denominator
22 of which is two (2).

23 (e) To qualify for the credit allowed under this section, the
24 taxpayer must comply with the following:

25 (1) The high technology must be the primary purpose and
26 use of property subject to a tax increment financing plan that
27 provides for the use of captured assessed value from that
28 eligible property.

29 (2) The department issues a certificate to the taxpayer
30 certifying that the eligible property is located in a central
31 city and is used for a high technology activity and that the
32 taxpayer meets the other requirements of this section. A
33 certificate issued under this subdivision is effective for ten
34 (10) years after the date of issuance or until the certificate is
35 revoked. The department shall revoke a certificate if the
36 taxpayer no longer meets the requirements of this section.

37 (f) The credit allowed under this section may not exceed the
38 tax liability of the taxpayer for the tax year.

39 Sec. 5. (a) As used in this section:

40 (1) "payroll" means the total salaries and wages before
41 deducting any personal or dependency exemptions; and

42 (2) "qualified new jobs" means the average number of
43 full-time jobs at a facility of an authorized business for a tax
44 year in excess of the average number of full-time jobs the
45 authorized business maintained in this state before the
46 expansion or location.

1 (b) A taxpayer may claim credit against the tax imposed by
2 IC 6-10-2 in the amount certified each year by the department.

3 (c) The credit under this section for an authorized business for
4 the tax year as determined by the department may not exceed the
5 payroll of the authorized business attributable to employees who
6 perform qualified new jobs multiplied by the tax rate.

7 (d) A taxpayer may not claim a credit under this section unless
8 the department has issued a certificate to the taxpayer. The
9 taxpayer shall attach the certificate to the return filed under this
10 article for which a credit under this section is claimed.

11 (e) The certificate required by subsection (d) must state the
12 following:

13 (1) The taxpayer is an authorized business.

14 (2) The amount of the credit under this section for the
15 authorized business for the designated tax year.

16 (3) The taxpayer's federal employer identification number.

17 (f) If the credit allowed under this section for the tax year and
18 any unused carryforward of the credit allowed by this section
19 exceed the taxpayer's tax liability for the tax year, that portion that
20 exceeds the tax liability for the tax year may not be refunded but
21 may be carried forward to offset tax liability in subsequent tax
22 years for not more than ten (10) years or until the credit is used up,
23 whichever occurs first.

24 (g) An affiliated group, a controlled group of corporations as
25 defined in the Internal Revenue Code, or an entity under common
26 control as defined in the Internal Revenue Code may claim only
27 one (1) credit under this section for each tax year for each
28 expansion or location evidenced by a written agreement whether
29 or not a combined or consolidated return is filed.

30 Sec. 6. (a) A taxpayer is allowed as a credit against the tax
31 imposed by this article for the taxable year, an amount, subject to
32 the applicable limitations provided by this section, equal to fifty
33 percent (50%) of the aggregate amount of charitable contributions
34 made by the taxpayer during the year to:

35 (1) a public broadcast station (as defined by 47 U.S.C. 397)
36 that is not affiliated with an institution of higher education;

37 (2) public libraries;

38 (3) institutions of higher learning located within Indiana; or

39 (4) a nonprofit corporation, a fund, a foundation, a trust, or
40 an association organized and operated exclusively for the
41 benefit of institutions of higher learning.

42 (b) An institution of higher learning that receives the
43 contributions through a nonprofit corporation, a fund, a
44 foundation, a trust, or an association organized and operated
45 exclusively for the benefit of the institution of higher learning must
46 make an annual report to the legislative council indicating the

1 manner in which the contributions were used and any specific
 2 conditions under which a particular contribution was received and
 3 how the money or property from that contribution was or is being
 4 used.

5 (c) The credit under this section is permitted only if the donee
 6 corporation, fund, foundation, trust, or association is controlled or
 7 approved and reviewed by the governing boards of the institutions
 8 benefiting from the charitable contributions.

9 (d) The nonprofit corporation, fund, foundation, trust, or
 10 association shall provide copies of their annual independently
 11 audited financial statements to the auditor of state and to the
 12 legislative council.

13 (e) The amount allowable as a credit under this section for any
 14 taxable year shall not exceed five percent (5%) of the tax liability
 15 before credits or exemptions for that year as determined without
 16 regard to this section or five thousand dollars (\$5,000), whichever
 17 is less.

18 (f) The credit allowed by this section may not be in excess of
 19 the tax liability of the taxpayer.

20 Sec. 7. (a) A taxpayer that is an employer subject to IC 22-3
 21 may claim a credit against the tax imposed by this article for the
 22 taxable year in an amount equal to the payments made during that
 23 tax year by the taxpayer as required by IC 22-3, as certified by the
 24 worker's compensation board.

25 (b) The credit under this section is in addition to any other
 26 credits for which the taxpayer is eligible.

27 (c) Any amount of the credit under this section that is in excess
 28 of the tax liability of the taxpayer for the tax year must be
 29 refunded, without interest, by the department to the taxpayer
 30 within sixty (60) calendar days of receipt of a properly completed
 31 annual return required by this article.

32 Sec. 8. (a) As used in this section, "community foundation"
 33 means an organization that applies for certification on or before
 34 April 1 of the tax year for which the taxpayer is claiming the credit
 35 and that the department certifies for that tax year as meeting all of
 36 the following requirements:

37 (1) Qualifies for exemption from federal income taxation
 38 under Section 501(c)(3) of the Internal Revenue Code, 26
 39 U.S.C. 501.

40 (2) Supports a broad range of charitable activities within the
 41 specific geographic area of Indiana that it serves, such as a
 42 municipality or county.

43 (3) Maintains an ongoing program to attract new endowment
 44 funds by seeking gifts and bequests from a wide range of
 45 potential donors in the community or area served.

46 (4) Is publicly supported as defined in the regulations of the

- 1 United States Department of Treasury, 26 CFR
2 1.170A-9(e)(10).
- 3 (5) Is not a supporting organization as defined in Section
4 509(a)(3) of the Internal Revenue Code and the regulations
5 of the United States Department of Treasury, 26 CFR
6 1.509(a)-4 and 1.509(a)-5.
- 7 (6) Meets the requirements for treatment as a single entity
8 contained in the regulations of the United States Department
9 of Treasury, 26 CFR 1.170A- 9(e)(11).
- 10 (7) Is incorporated or established as a trust before
11 September 1 of the year immediately preceding the tax year
12 for which the credit is claimed.
- 13 (b) A taxpayer may claim a credit against the tax imposed by
14 IC 6-10-2 equal to fifty percent (50%) of the amount the taxpayer
15 contributes during the taxable year to:
- 16 (1) an endowment fund of a community foundation;
17 (2) a shelter for homeless persons;
18 (3) a food kitchen;
19 (4) a food bank; or
20 (5) other entity that provides overnight accommodations,
21 food, or meals to persons who are indigent;
22 if a contribution to that entity is tax deductible for the donor under
23 the Internal Revenue Code.
- 24 (c) The credit allowed by this section may not exceed the lesser
25 of five percent (5%) of the taxpayer's tax liability for the tax year
26 before claiming any credits or five thousand dollars (\$5,000).
- 27 Sec. 9. A taxpayer is allowed a credit equal to payments for
28 taxes under IC 6-5.5 (the financial institutions tax) and
29 IC 27-1-18-2 (the insurance premiums tax).
- 30 Chapter 4. Tax Base
- 31 Sec 1. Except as provided in this chapter, a person's tax base
32 is business income, before apportionment or allocation as provided
33 in IC 6-10-5, even if zero (0) or negative, subject to the following
34 adjustments:
- 35 (1) Add gross interest income and dividends derived from
36 obligations or securities of states other than Indiana, in the
37 same amount that was excluded from federal taxable income,
38 less the related portion of expenses not deducted in
39 computing federal taxable income because of Sections 265
40 and 291 of the Internal Revenue Code.
- 41 (2) Add all taxes on or measured by net income and the tax
42 imposed by this article to the extent the taxes were deducted
43 in arriving at federal taxable income.
- 44 (3) Add the following, to the extent deducted in arriving at
45 federal taxable income:
- 46 (A) A carryback or carryover of a net operating loss.

- 1 **(B) A carryback or carryover of a capital loss.**
2 **(C) A deduction for depreciation, amortization, or**
3 **immediate or accelerated write-off related to the cost of**
4 **tangible assets.**
5 **(D) A dividend paid or accrued except a dividend that**
6 **represents a reduction of premiums to policyholders of**
7 **insurance companies.**
8 **(E) A deduction or exclusion by a taxpayer due to a**
9 **classification as, or the payment of commissions or other**
10 **fees to, a domestic international sales corporation or any**
11 **similar special classification the purpose of which is to**
12 **reduce or postpone federal income tax liability. This**
13 **clause does not apply to the special provisions of**
14 **Sections 805, 809, and 815(c)(2)(A) of the Internal**
15 **Revenue Code.**
16 **(F) All interest, including amounts paid, credited, or**
17 **reserved by insurance companies as amounts necessary**
18 **to fulfill the policy and other contract liability**
19 **requirements of Sections 805 and 809 of the Internal**
20 **Revenue Code. For purposes of this clause, interest does**
21 **not include payments or credits made to or on behalf of**
22 **a taxpayer by a manufacturer, distributor, or supplier**
23 **of inventory to defray any part of the taxpayer's floor**
24 **plan interest, if these payments are used by the taxpayer**
25 **to reduce interest expense in determining federal taxable**
26 **income. For purposes of this section, "floor plan**
27 **interest" means interest paid that finances any part of**
28 **the taxpayer's purchase of automobile inventory from a**
29 **manufacturer, distributor, or supplier. However,**
30 **amounts attributable to any invoiced items used to**
31 **provide more favorable floor plan assistance to a**
32 **taxpayer than to a person who is not a taxpayer is**
33 **considered interest paid by a manufacturer, distributor,**
34 **or supplier.**
35 **(G) All royalties except for the following:**
36 **(i) Oil and gas royalties that are excluded in the**
37 **depletion deduction calculation under the Internal**
38 **Revenue Code.**
39 **(ii) Cable television franchise fees described in**
40 **Section 622 of Part III of Title VI of the**
41 **Communications Act of 1934, 47 U.S.C. 542.**
42 **(iii) Film rental payments made by a theater owner**
43 **to a film distributor.**
44 **(iv) Royalties, fees, charges, or other payments or**
45 **consideration paid or incurred by radio or**
46 **television broadcasters for program matter or**

- 1 signals.
- 2 (4) Add compensation.
- 3 (5) Add a capital gain related to business activity of
- 4 individuals to the extent excluded in arriving at federal
- 5 taxable income.
- 6 (6) Deduct, to the extent included in arriving at federal
- 7 taxable income, the following:
- 8 (A) A dividend received or considered received,
- 9 including the foreign dividend gross-up provided for in
- 10 the Internal Revenue Code.
- 11 (B) All interest except amounts paid, credited, or
- 12 reserved by an insurance company as amounts
- 13 necessary to fulfill the policy and other contract liability
- 14 requirements of Sections 805 and 809 of the Internal
- 15 Revenue Code.
- 16 (C) All royalties except for the following:
- 17 (i) Oil and gas royalties that are included in the
- 18 depletion deduction calculation under the Internal
- 19 Revenue Code.
- 20 (ii) Film rental payments made by a theater owner
- 21 to a film distributor.
- 22 (iii) Royalties, fees, charges, or other payments or
- 23 consideration paid or incurred by radio or
- 24 television broadcasters for program matter or
- 25 signals.
- 26 (7) Deduct a capital loss not deducted in arriving at federal
- 27 taxable income in the year the loss occurred.
- 28 (8) To the extent included in federal taxable income, add the
- 29 loss or subtract the gain from the tax base that is attributable
- 30 to another entity whose business activities are taxable under
- 31 this article or would be taxable under this article if the
- 32 business activities were in this state.
- 33 **Sec. 2. (a) The tax base of a financial organization is business**
- 34 **income subject to the adjustments provided in section 1 of this**
- 35 **chapter, plus the following adjustments:**
- 36 (1) Deduct, to the extent included in federal taxable income,
- 37 interest income derived from obligations of the United States
- 38 that Indiana is by federal law prohibited from subjecting to
- 39 taxation, other than nondiscriminatory franchise or
- 40 nonproperty taxes.
- 41 (2) Add expenses deducted from federal taxable income, to
- 42 the extent not included in the tax base under this article,
- 43 multiplied by a fraction, the numerator of which is the sum
- 44 of interest income deducted under subdivision (1) plus
- 45 interest from Indiana obligations and the denominator of
- 46 which is total interest income.

1 **(b) If the adjusted tax base exceeds fifty percent (50%) of the**
2 **sum of gross receipts plus the adjustments provided in IC 6-10-6,**
3 **apportioned or allocated to Indiana with the apportionment**
4 **fraction calculated under IC 6-10-5, the adjusted tax base may, at**
5 **the option of the taxpayer, be reduced by that excess. If a taxpayer**
6 **reduces the adjusted tax base under this subsection, the taxpayer**
7 **is not entitled to an adjustment under subsection (c) for the same**
8 **taxable year.**

9 **(c) Instead of the reduction provided in subsection (b), a**
10 **person may elect to reduce the adjusted tax base by the percentage**
11 **that the compensation divided by the tax base exceeds sixty-three**
12 **percent (63%). The deduction may not exceed thirty-seven percent**
13 **(37%) of the adjusted tax base. For purposes of computing the**
14 **deduction allowed by this subsection, as effective for the respective**
15 **tax year, compensation does not include amounts of compensation**
16 **exempt from tax under IC 6-10-2.**

17 **(d) In calculating its tax base, a financial organization that is**
18 **defined or treated as a regulated investment company under the**
19 **Internal Revenue Code is not subject to the adjustments provided**
20 **in this section.**

21 **Sec. 3. The tax base and adjusted tax base of an insurance**
22 **company is the product of twenty-five hundredths (0.25) multiplied**
23 **by the insurance company's gross receipts as apportioned under**
24 **IC 6-10-5, excluding receipts on the sale of annuities and receipts**
25 **on all reinsurance transactions. The tax base and adjusted tax base**
26 **calculated under this section may not be adjusted under IC 6-10-6.**
27 **The tax calculated under this section is in place of all other**
28 **privilege or franchise fees or taxes imposed by another law of**
29 **Indiana, except taxes on real and personal property and as**
30 **otherwise provided.**

31 **Sec. 4. (a) The tax base of a financial organization attributable**
32 **to Indiana sources is the following:**

33 **(1) The entire tax base of a taxpayer whose business activities**
34 **are confined solely to Indiana.**

35 **(2) In the case of a taxpayer whose business activities are**
36 **conducted partially within and partially without Indiana that**
37 **portion of its tax base as its gross business in this state is to**
38 **its gross business everywhere during the period covered by**
39 **its return. Gross business includes the sum of:**

40 **(A) Fees, commissions, or other compensation for**
41 **financial services.**

42 **(B) Gross profits from trading in stocks, bonds, or other**
43 **securities.**

44 **(C) Interest charged to customers for carrying debit**
45 **balances of margin accounts, without deduction of any**
46 **costs incurred in carrying the accounts.**

1 (D) Interest and dividends received.

2 (E) Any other gross income resulting from the operation
3 as a financial organization.

4 (b) If a financial organization to which Section 593 of the
5 Internal Revenue Code applies carries back a net operating loss or
6 capital loss for federal income tax purposes and is required by
7 federal income tax law to recompute, solely because of the loss
8 carryback, its allowable addition to its reserve for bad debts under
9 Section 593(b)(2) of the Internal Revenue Code for one (1) or more
10 prior tax years, and if the recomputation would result, but for the
11 application of this section, in an addition to the tax base for the tax
12 year or years affected by the carryback, then both of the following
13 apply:

14 (1) For a tax year before the year of the loss, there is no
15 change to the tax base because of the federal loss carryback
16 or the federal reduction in the reserve for bad debts.

17 (2) For a tax year beginning after December 31, 1998, in
18 which a loss is incurred, the financial organization may add
19 to its tax base the amount of the loss but not more than the
20 sum of the following:

21 (A) Fifty percent (50%) of the federal income tax
22 reductions to the reserves for bad debts for all tax years
23 beginning before 1996 resulting solely because of the loss
24 carryback.

25 (B) One hundred percent (100%) of the federal income
26 tax reductions to the reserves for bad debts for all tax
27 years beginning after 1995 resulting solely because of
28 the loss carryback.

29 Sec. 5. (a) When the tax base is derived from the
30 transportation of oil by pipeline, the tax base attributable to
31 Indiana is the tax base of the taxpayer in the ratio that the barrel
32 miles transported in Indiana bear to the barrel miles transported
33 by the taxpayer everywhere.

34 (b) When the tax base is derived from the transportation of gas
35 by pipeline, the tax base attributable to Indiana is the tax base of
36 the taxpayer in the ratio that the one thousand (1,000) cubic feet
37 miles transported in Indiana bear to the one thousand (1,000) cubic
38 feet miles transported by the taxpayer everywhere.

39 Sec. 6. (a) If the taxpayer's business activities within Indiana
40 do not include owning or renting real estate or tangible personal
41 property, and the taxpayer's dollar volume of gross sales made
42 during the tax year within Indiana is not in excess of one hundred
43 thousand dollars (\$100,000), the taxpayer may elect for that tax
44 year to report and pay a tax on the tax base arrived at by
45 multiplying total sales in Indiana for the tax year by the ratio of the
46 tax base determined under this article, to total sales as reported on

1 the taxpayer's federal income tax return for the same tax year.

2 (b) The election is not available for any tax year for which a
3 consolidated or combined return is filed.

4 **Chapter 5. Apportionment and Allocation**

5 **Sec. 1. (a) In the case of a taxpayer whose business activities**
6 **are confined solely to Indiana, the entire tax base of the taxpayer**
7 **is allocated to Indiana.**

8 (b) A taxpayer whose business activities are taxable both in
9 Indiana and outside Indiana shall apportion the taxpayer's tax
10 base as provided in this chapter, unless the taxpayer elects to
11 report and pay under the option provided in IC 6-10-4-6.

12 **Sec. 2. For purposes of apportionment of the tax base from**
13 **business activities under this article, a taxpayer is taxable in**
14 **another state if:**

15 (1) in that state the taxpayer is subject to a business privilege
16 tax, a net income tax, a franchise tax measured by net
17 income, a franchise tax for the privilege of doing business, a
18 corporate stock tax, or a tax of the type imposed under this
19 article; or

20 (2) that state has jurisdiction to subject the taxpayer to one
21 (1) or more of the taxes described in subdivision (1)
22 regardless of whether, in fact, the state does or does not
23 subject the taxpayer to a tax.

24 **Sec. 3. (a) If the apportionment provisions of this chapter do**
25 **not fairly represent the extent of the taxpayer's business activity in**
26 **Indiana, the taxpayer may petition for or the department may**
27 **require the following in respect to all or a part of the taxpayer's**
28 **business activity, if reasonable:**

29 (1) Separate accounting.

30 (2) The exclusion of one (1) or more of the factors.

31 (3) The inclusion of one (1) or more additional factors that
32 will fairly represent the taxpayer's business activity in this
33 state.

34 (4) The employment of any other method to provide an
35 equitable allocation and apportionment of the taxpayer's tax
36 base.

37 (b) An alternate method under this section is effective only if
38 it is approved by the department.

39 (c) The apportionment provisions of this article must fairly
40 represent the business activity attributed to the taxpayer in
41 Indiana, taken as a whole and without a separate examination of
42 the specific elements of the tax base such as depreciation,
43 compensation, or income, unless it can be demonstrated that the
44 business activity attributed to the taxpayer in this state is out of all
45 appropriate proportion to the actual business transacted in
46 Indiana and leads to a grossly distorted result. A taxpayer's

1 **business activity is presumed to be fairly represented if:**
 2 **(1) the adjusted tax base computed without regard to the**
 3 **reduction based upon gross receipts permitted by**
 4 **IC 6-10-4-2(b) is not greater than the adjusted tax base**
 5 **computed after application of the reduction based upon gross**
 6 **receipts permitted by IC 6-10-4-2(b); or**
 7 **(2) the adjusted tax base is not greater than the adjusted tax**
 8 **base that would result from an apportioned tax base**
 9 **computed by using the apportionment formula prescribed**
 10 **for a corporate income tax or franchise tax in the taxpayer's**
 11 **business domicile. The taxpayer's business domicile is the**
 12 **state in which the sum of the taxpayer's payroll factor and**
 13 **property factor is greatest.**

14 **However, if the taxpayer fails to satisfy either of the conditions in**
 15 **subdivision (1) or (2), the taxpayer's business activity is presumed**
 16 **to be fairly represented.**

17 **(d) The filing of a return or an amended return is not**
 18 **considered a petition for the purposes of subsection (a).**

19 **Sec. 3. (a) All of the tax base, other than the tax base derived**
 20 **principally from transportation, financial, or insurance carrier**
 21 **services or specifically allocated, must be apportioned to Indiana**
 22 **by multiplying the tax base by a percentage, which is the sum of all**
 23 **of the following percentages:**

24 **(1) The property factor multiplied by twenty-five percent**
 25 **(25%).**

26 **(2) The payroll factor multiplied by twenty-five percent**
 27 **(25%).**

28 **(3) The sales factor multiplied by fifty percent (50%).**

29 **(b) For purposes of this section, a taxpayer that has a fifty-two**
 30 **(52) or fifty-three (53) week tax year beginning not more than**
 31 **seven (7) days before December 31 of any year is considered to**
 32 **have a tax year beginning after December 31 of that year.**

33 **Sec. 4. (a) The property factor is a fraction, the numerator of**
 34 **which is the average value of the taxpayer's real and tangible**
 35 **personal property owned or rented in Indiana during the tax year**
 36 **and the denominator of which is the average value of all the**
 37 **taxpayer's real and tangible personal property owned or rented**
 38 **during the tax year.**

39 **(b) Property owned by the taxpayer is valued at its original**
 40 **cost. Property rented by the taxpayer is valued at eight (8) times**
 41 **the net annual rental rate. Net annual rental rate is the annual**
 42 **rental rate paid by the taxpayer less any annual rental rate**
 43 **received by the taxpayer from subrentals.**

44 **(c) The average value of property shall be determined by**
 45 **averaging the values at the beginning and ending of the tax year,**
 46 **but the executive director may require the periodic averaging of**

1 values during the tax year if reasonably required to reflect
2 properly the average value of the taxpayer's property.

3 **Sec. 5. (a) The payroll factor is a fraction, the numerator of**
4 **which is the total wages paid in this state during the tax year by the**
5 **taxpayer and the denominator of which is the total wages paid**
6 **everywhere during the tax year by the taxpayer. For the purposes**
7 **of this chapter only, "wages" means wages as defined in Section**
8 **3401 of the Internal Revenue Code.**

9 **(b) Wages are paid in Indiana if:**

10 **(1) the individual's service is performed entirely within**
11 **Indiana;**

12 **(2) the individual's service is performed both within and**
13 **without Indiana, but the service performed outside Indiana**
14 **is incidental to the individual's service within Indiana; or**

15 **(3) some of the service is performed in Indiana and the base**
16 **of operations, or if there is no base of operations, the place**
17 **from which the service is directed or controlled, is in**
18 **Indiana, or the base of operations or the place from which**
19 **the service is directed or controlled is not in any state in**
20 **which some part of the service is performed, but the**
21 **individual's residence is in Indiana.**

22 **Sec. 6. (a) The sales factor is a fraction, the numerator of**
23 **which is the total sales of the taxpayer in this state during the tax**
24 **year, and the denominator of which is the total sales of the**
25 **taxpayer everywhere during the tax year.**

26 **(b) Sales of tangible personal property are in Indiana if:**

27 **(1) The property is shipped or delivered to a purchaser,**
28 **other than the United States government, within Indiana**
29 **regardless of the free on board point or other conditions of**
30 **the sales.**

31 **(2) The property is shipped from an office, a store, a**
32 **warehouse, a factory, or other place of storage in Indiana**
33 **and the purchaser is the United States government, or the**
34 **taxpayer is not taxable in the state of the purchaser. For the**
35 **purposes of this subdivision only, "state" means any state of**
36 **the United States, the District of Columbia, the**
37 **commonwealth of Puerto Rico, any territory or possession of**
38 **the United States, or a political subdivision.**

39 **(c) Sales, other than sales of tangible personal property, are in**
40 **Indiana if:**

41 **(1) the business activity is performed in Indiana;**

42 **(2) the business activity is performed both in Indiana and**
43 **outside Indiana and, based on costs of performance, a**
44 **greater proportion of the business activity is performed in**
45 **Indiana than is performed outside Indiana; or**

46 **(3) receipts derived from services performed for planning,**

1 design, or construction activities are deemed Indiana
2 receipts.

3 **Chapter 6. Tax Base Adjustments and Deductions**

4 **Sec. 1. All adjustments in this chapter apply to the tax base**
5 **following allocation or apportionment.**

6 **Sec. 2. (a) Except as provided in subsection (b), deduct the cost,**
7 **including fabrication and installation, paid or accrued in the**
8 **taxable year of tangible assets of a type that are, or under the**
9 **Internal Revenue Code will become, eligible for depreciation,**
10 **amortization, or accelerated capital cost recovery for federal**
11 **income tax purposes, provided that the assets are:**

- 12 (1) physically located in Indiana;
13 (2) for use in a business activity in Indiana; and
14 (3) not mobile tangible assets.

15 (b) Except as provided in subsection (a), deduct the cost, costs
16 including fabrication and installation, paid or accrued in the
17 taxable year of mobile tangible assets of a type that are, or under
18 the Internal Revenue Code will become, eligible for depreciation,
19 amortization, or accelerated capital cost recovery for federal
20 income tax purposes. A mobile tangible asset is any of the
21 following:

- 22 (1) A motor vehicle that has a gross vehicle weight rating of
23 ten thousand (10,000) pounds or more and is used to
24 transport persons or property for compensation.
25 (2) Rolling stock, aircraft, and watercraft used by the owner
26 to transport persons or property for compensation or used
27 by the owner to transport the owner's property for sale,
28 rental, or further processing.
29 (3) Equipment used directly in completion of or in
30 construction contracts for the construction, alteration,
31 repair, or improvement of property.

32 (c) Except as provided in subsection (a), for tangible assets,
33 other than mobile tangible assets, purchased or acquired for use
34 outside of this state and physically located in this state after the
35 assets are purchased or acquired for use in a business activity,
36 deduct the amount determined by:

- 37 (1) the federal basis used for determining gain or loss as of
38 the date the tangible assets were physically located in this
39 state for use in a business activity; plus
40 (2) the cost of fabrication and installation of the tangible
41 assets in this state; multiplied by
42 (3) the apportionment factor for the tax year as prescribed
43 in IC 6-10-5.

44 (d) Subsections (a), (b), and (c) do not apply to a taxpayer that
45 meets all of the following criteria:

- 46 (1) The taxpayer has its headquarters in Indiana.

- 1 (2) The taxpayer's sales at retail of prescriptions are more
2 than two percent (2%) and less than ten percent (10%) of the
3 taxpayer's total sales at retail.
- 4 (3) The taxpayer sells at retail all of the following and more
5 than fifty percent (50%) of the taxpayer's total sales is
6 comprised of the retail sales of the following:
- 7 (A) Fresh, frozen, or processed food, food products, or
 - 8 consumable necessities.
 - 9 (B) Household products.
 - 10 (C) Prescriptions.
 - 11 (D) Health and beauty care products.
 - 12 (E) Cosmetics.
 - 13 (F) Pet products.
 - 14 (G) Carbonated beverages.
 - 15 (H) Beer, wine, or liquor.
- 16 **Sec. 3. (a) Deduct available business loss.**
- 17 (b) For purposes of this chapter, business loss is a negative
18 amount after allocation or apportionment in IC 6-10-4 and after
19 adjustments as provided in this chapter.
- 20 (c) The business loss shall be carried forward to the year
21 following the loss year as an offset to the allocated or apportioned
22 tax base including the adjustments, then successively to the next
23 nine (9) taxable years following the loss year or until the loss is
24 used up, whichever occurs first, but for not more than ten (10)
25 taxable years after the loss year.
- 26 **Chapter 6. Returns and Adjustments**
- 27 **Sec. 1. (a)** A taxpayer who reasonably expects liability for the
28 tax year to exceed six hundred dollars (\$600) or adjustments under
29 IC 6-10-5 to exceed one hundred thousand dollars (\$100,000) must
30 file an estimated return and pay an estimated tax for each quarter
31 of the taxpayer's tax year.
- 32 (b) For taxpayers on a calendar year basis the quarterly
33 returns and estimated payments must be made by April 30, July
34 31, October 31, and January 31. Taxpayers not on a calendar year
35 basis must file quarterly returns and make estimated payments on
36 the appropriate due date that in the taxpayer's tax year
37 corresponds to the calendar year.
- 38 (c) The estimated payment made with each quarterly return
39 of each tax year shall be for the estimated tax base for the quarter
40 or twenty-five percent (25%) of the estimated annual liability. The
41 second, third, and fourth estimated payments in each tax year must
42 include adjustments, if necessary, to correct underpayments or
43 overpayments from previous quarterly payments in the tax year to
44 a revised estimate of the annual tax liability.
- 45 (d) The interest provided by this article may not be assessed if
46 either of the following occur:

- 1 **(1) If the sum of the estimated payments equals at least**
 2 **eighty-five percent (85%) of the liability or one percent (1%)**
 3 **of the gross receipts for the tax year and the amount of each**
 4 **estimated payment reasonably approximates the tax liability**
 5 **incurred during the quarter for which the estimated**
 6 **payment was made.**
- 7 **(2) If the preceding year's tax liability was twenty thousand**
 8 **dollars (\$20,000) or less and the taxpayer submitted four (4)**
 9 **equal installments, the sum of which at least equals the**
 10 **previous year's tax liability.**
- 11 **(e) Each estimated return must be made on a form prescribed**
 12 **by the department and must include an estimate of the annual tax**
 13 **liability and other information required by the department. This**
 14 **form may be combined with any other tax reporting form**
 15 **prescribed by the department.**
- 16 **(f) With respect to a taxpayer filing an estimated tax return for**
 17 **the taxpayer's first tax year of less than twelve (12) months, the**
 18 **amounts paid with each return must be proportional to the number**
 19 **of payments made in the first tax year.**
- 20 **(g) Payments made under this section are a credit against the**
 21 **payment required with the annual tax return required in section 3**
 22 **of this chapter.**
- 23 **(h) When the department considers it necessary to ensure**
 24 **payment of the tax or to provide a more efficient administration of**
 25 **the tax, the department may require filing of the returns and**
 26 **payment of the tax for other than quarterly or annual periods.**
- 27 **(i) A taxpayer who elects under the Internal Revenue Code to**
 28 **file an annual federal income tax return by March 1 in the year**
 29 **following the taxpayer's tax year and does not make a quarterly**
 30 **estimate or payment, or does not make a quarterly estimate or**
 31 **payment and files a tentative annual return with a tentative**
 32 **payment by January 15, in the year following the taxpayer's tax**
 33 **year and a final return by April 15 in the year following the**
 34 **taxpayer's tax year, has the same option in filing the estimated and**
 35 **annual returns required by this article.**
- 36 **(j) Instead of the quarterly return prescribed in subsections (a)**
 37 **and (b) the taxpayer may elect either of the following options:**
- 38 **(1) To file and pay before the sixteenth day of each month an**
 39 **estimated return computed at the rate of one percent (1%)**
 40 **of the gross receipts for the preceding month.**
- 41 **(2) To file and pay before the sixteenth day of the months**
 42 **specified in subdivision (1) an estimated return computed at**
 43 **the rate of one percent (1%) of the gross receipts for the**
 44 **preceding quarter.**
- 45 **Sec. 2. A taxpayer subject to this article may elect to compute**
 46 **the tax for the first taxable year if less than twelve (12) months in**

1 accordance with one (1) of the following methods:

2 (1) The tax may be computed as if this article were effective
3 on the first day of the taxpayer's annual accounting period
4 and the amount so computed shall be multiplied by a
5 fraction, the numerator of which is the number of months in
6 the taxpayer's first taxable year, and the denominator of
7 which is twelve (12).

8 (2) The tax may be computed by determining the tax base in
9 the first taxable year in accordance with an accounting
10 method satisfactory to the department reflects the actual tax
11 base attributable to the period.

12 **Sec. 3. (a)** An annual or a final return must be filed with the
13 department in the form prescribed by the department by the last
14 day of the fourth month after the end of the taxpayer's tax year.
15 Any final liability must be remitted with this return.

16 (b) The department upon application of the taxpayer and for
17 good cause shown may extend the date for filing the annual return.
18 Interest at the rate of nine percent (9%) per year may be added to
19 the amount of the tax unpaid for the period of the extension. The
20 department shall require a tentative return and payment of an
21 estimated tax.

22 (c) If a taxpayer is granted an extension of time within which
23 to file the federal income tax return for any taxable year, the filing
24 of a copy of the request for extension together with a tentative
25 return and payment of an estimated tax with the department by the
26 due date provided in subsection (a) may automatically extend the
27 due date for the filing of a final return under this article for an
28 equivalent period plus sixty (60) days. Interest at the rate of nine
29 percent (9%) per year must be added to the amount of the tax
30 unpaid for the period of the extension.

31 (d) An affiliated group (as defined in IC 6-10-1), a controlled
32 group of corporations as defined in Section 1563 of the Internal
33 Revenue Code and further described in 26 CFR 1.414(b)-1 and
34 1.414(c)-1 through 1.414(c)-5, or an entity under common control
35 as defined in the Internal Revenue Code must consolidate the gross
36 receipts of the members of the affiliated group, member
37 corporations of the controlled group, or entities under common
38 control that have apportioned or allocated gross receipts, plus the
39 adjustments provided in IC 6-10-5 of one hundred thousand dollars
40 (\$100,000) or more. An individual member of an affiliated group
41 or a controlled group of corporations or an entity under common
42 control is not required to file a return or pay the tax under this
43 article if that member or entity has apportioned or allocated gross
44 receipts plus adjustments of less than one hundred thousand
45 dollars (\$100,000).

46 **Sec. 4. (a)** A taxpayer required to file a return under this

1 chapter may be required to furnish a true and correct copy of any
2 return or portion of any return which the taxpayer has filed under
3 the provisions of the Internal Revenue Code.

4 (b) A taxpayer must file an amended return with the
5 department showing any alteration in or modification of the
6 taxpayer's federal income tax return that affects the taxpayer's tax
7 base under this article. The amended return must be filed within
8 one hundred twenty (120) days after the final determination by the
9 Internal Revenue Service.

10 (c) At the request of the department, a person required by the
11 Internal Revenue Code to file or submit an information return of
12 income paid to others must, to the extent the information is
13 applicable to residents of Indiana, at the same time file or submit
14 the information in form and content as may be prescribed by the
15 department.

16 (d) A voluntary association, a joint venture, a partnership, an
17 estate, or a trust at the request of the department shall file a copy
18 of any tax return or portion of any tax return that was filed under
19 the provisions of the Internal Revenue Code. The department may
20 prescribe alternate forms of returns.

21 **Sec. 5. (a) The department may require or permit the filing of**
22 **a consolidated or combined return by an affiliated group of**
23 **corporations that are Indiana taxpayers if all of the following**
24 **conditions exist:**

25 (1) All members of the affiliated group are Indiana
26 taxpayers.

27 (2) Each member of the affiliated group maintains a
28 relationship with one (1) or more members of the group that
29 includes intercorporate transactions of a substantial nature
30 other than control, ownership, or financing arrangements, or
31 any combination thereof.

32 (3) The business activities of each member of the affiliated
33 group are subject to apportionment by a specific
34 apportionment formula contained in this article, and which
35 specific formula also is applicable to all other members of the
36 affiliated group, and would be so applicable to each member
37 even if it were not a member of the affiliated group.

38 (b) Except as expressly provided in subsection (a), another
39 provision may not be construed to permit or require the filing of a
40 consolidated or combined return or a consolidation or combination
41 of the tax base or apportionment factors of two (2) or more
42 corporations.

43 SECTION 46. IC 8-1-2.8-24 IS AMENDED TO READ AS
44 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 24. If the InTRAC
45 meets the requirements of sections 18 and 21 of this chapter, the
46 InTRAC:

- 1 (1) for purposes of all taxes imposed by the state or any county
- 2 or municipality in Indiana is an organization that is organized
- 3 and operated exclusively for charitable purposes; and
- 4 (2) qualifies for all exemptions applicable to those organizations,
- 5 including but not limited to those exemptions set forth in
- 6 ~~IC 6-2.1-3-20~~ and IC 6-1.1-10-16.

7 SECTION 47. IC 8-22-3.5-14 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 14. (a) This
 9 section applies only to an airport development zone that is in a:

- 10 (1) city described in section 1(2) of this chapter; or
- 11 (2) county described in section 1(3) or 1(4) of this chapter.

12 (b) Notwithstanding any other law, a business or an employee of
 13 a business that is located in an airport development zone is entitled to
 14 the benefits provided by the following statutes, as if the business were
 15 located in an enterprise zone:

- 16 (1) IC 6-1.1-20.8.
- 17 ~~(2) IC 6-2.1-3-32.~~
- 18 ~~(3) (2) IC 6-3-2-8.~~
- 19 ~~(4) (3) IC 6-3-3-10.~~
- 20 ~~(5) (4) IC 6-3.1-7.~~
- 21 ~~(6) (5) IC 6-3.1-9.~~
- 22 ~~(7) (6) IC 6-3.1-10-6.~~

23 (c) Before June 1 of each year, a business described in subsection
 24 (b) must pay a fee equal to the amount of the fee that is required for
 25 enterprise zone businesses under IC 4-4-6.1-2(4)(A). However,
 26 notwithstanding IC 4-4-6.1-2(4)(A), the fee shall be paid into the debt
 27 service fund established under section 9(e)(2) of this chapter. If the
 28 commission determines that a business has failed to pay the fee
 29 required by this subsection, the business is not eligible for any of the
 30 benefits described in subsection (b).

31 (d) A business that receives any of the benefits described in
 32 subsection (b) must use all of those benefits, except for the amount of
 33 the fee required by subsection (c), for its property or employees in the
 34 airport development zone and to assist the commission. If the
 35 commission determines that a business has failed to use its benefits in
 36 the manner required by this subsection, the business is not eligible for
 37 any of the benefits described in subsection (b).

38 (e) If the commission determines that a business has failed to pay
 39 the fee required by subsection (c) or has failed to use benefits in the
 40 manner required by subsection (d), the commission shall provide
 41 written notice of the determination to the department of state revenue,
 42 the state board of tax commissioners, and the county auditor.

43 SECTION 48. IC 8-22-3.5-15 IS AMENDED TO READ AS
 44 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 15. (a) As used
 45 in this section, "state income tax liability" means a tax liability that is
 46 incurred under

- 1 (1) ~~IC 6-2-1~~ (the gross income tax);
 2 (2) ~~IC 6-3-1 through IC 6-3-7~~ (the adjusted gross income tax);
 3 (3) ~~IC 6-3-8~~ (the supplemental net income tax); or
 4 (4) any other tax imposed by this state and based on or measured
 5 by either gross income or net income: **IC 6-10 (the single
 6 business tax).**

7 (b) The attraction of qualified airport development projects to a
 8 consolidated city within Indiana is a governmental function of general
 9 public benefit for all the citizens of Indiana.

10 (c) As an incentive to attract qualified airport development
 11 projects to Indiana, for a period of thirty-five (35) years, beginning
 12 January 1, 1991, persons that locate and operate a qualified airport
 13 development project in an airport development zone in a consolidated
 14 city shall not incur, notwithstanding any other law, any state income tax
 15 liability as a result of:

- 16 (1) activities associated with locating the qualified airport
 17 development project in the consolidated city;
 18 (2) the construction or completion of the qualified airport
 19 development project;
 20 (3) the employment of personnel or the ownership or rental of
 21 property at or in conjunction with the qualified airport
 22 development project; or
 23 (4) the operation of, or the activities at or in connection with, the
 24 qualified airport development project.

25 (d) The department of state revenue shall adopt rules under
 26 IC 4-22-2 to implement this section.

27 SECTION 49. IC 8-23-17-32 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 32. (a) All
 29 amounts paid to displaced persons under this chapter are exempt from
 30 taxation under ~~IC 6-2-1~~ and IC 6-3.

31 (b) A payment received under this chapter is not considered as
 32 income for the purpose of determining the eligibility or extent of
 33 eligibility of any person for public assistance under the following:

- 34 AFDC assistance.
 35 AFDC burials.
 36 AFDC IMPACT/J.O.B.S.
 37 AFDC-UP assistance.
 38 ARCH.
 39 Blind relief.
 40 Child care.
 41 Child welfare adoption assistance.
 42 Child welfare adoption opportunities.
 43 Child welfare assistance.
 44 Child welfare child care improvement.
 45 Child welfare child abuse.
 46 Child welfare child abuse and neglect prevention.

- 1 Child welfare children's victim advocacy program.
- 2 Child welfare foster care assistance.
- 3 Child welfare independent living.
- 4 Child welfare medical assistance to wards.
- 5 Child welfare program review action group (PRAG).
- 6 Child welfare special needs adoption.
- 7 Food Stamp administration.
- 8 Health care for indigent (HIC).
- 9 ICES.
- 10 IMPACT (food stamps).
- 11 Title IV-D (ICETS).
- 12 Title IV-D child support administration.
- 13 Title IV-D child support enforcement (parent locator).
- 14 Medicaid assistance.
- 15 Medical services for inmates and patients (590).
- 16 Room and board assistance (RBA).
- 17 Refugee social service.
- 18 Refugee resettlement.
- 19 Repatriated citizens.
- 20 SSI burials and disabled examinations.
- 21 Title XIX certification.
- 22 Any other Indiana law administered by the division of family and
- 23 children.

24 SECTION 50. IC 12-7-2-70 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 70. "Domestic
 26 violence prevention and treatment center", for purposes of IC 12-18-3
 27 and IC 12-18-4, means an organized entity:

28 (1) established by:

29 (A) a city, town, county, or township; or

30 (B) an entity exempted from the ~~Indiana gross income tax~~
 31 ~~under IC 6-2.1-3-20~~; **single business tax under IC 6-10**;
 32 and

33 (2) created to provide services to prevent and treat domestic
 34 violence between spouses or former spouses.

35 SECTION 51. IC 12-18-4-7 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 7. A:

37 (1) city, town, county, or township; or

38 (2) an entity that is exempted from the ~~Indiana gross income tax~~
 39 ~~under IC 6-2.1-3-20~~; **single business tax under IC 6-10**;

40 that desires to receive a grant under this chapter or enter into a contract
 41 with the council must apply in the manner prescribed by the rules of the
 42 division.

43 SECTION 52. IC 20-1-1.3-8 IS AMENDED TO READ AS
 44 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. (a) A public
 45 school that receives a monetary award under this chapter may expend
 46 that award for any educational purpose for that school, except:

- 1 (1) athletics;
- 2 (2) salaries for school personnel; or
- 3 (3) salary bonuses for school personnel.
- 4 (b) A monetary award may not be used to determine
- 5 ~~(1) the maximum permissible general fund ad valorem property~~
- 6 ~~tax levy under IC 6-1.1-19-1.5; or~~
- 7 ~~(2) the tuition support under IC 21-3-1.6~~
- 8 of the school corporation of which the school receiving the monetary
- 9 award is a part.

10 SECTION 53. IC 20-1-6-1 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this
 12 chapter, the following terms have the following meanings:

- 13 (1) "Child with a disability" means any child who is at least three
- 14 (3) years of age but less than twenty-two (22) years of age and
- 15 who because of physical or mental disability is incapable of
- 16 being educated properly and efficiently through normal
- 17 classroom instruction, but who with the advantage of a special
- 18 educational program may be expected to benefit from instruction
- 19 in surroundings designed to further the educational, social, or
- 20 economic status of the child. Public schools may operate special
- 21 education programs for hearing impaired children as young as
- 22 six (6) months of age on an experimental basis upon the approval
- 23 of the superintendent of public instruction and the Indiana state
- 24 board of education.
- 25 (2) "Division" means the division of special education within the
- 26 department of education.
- 27 (3) "Director" means the director of the division of special
- 28 education.
- 29 (4) "School corporation" means any corporation authorized by
- 30 law to establish public schools and levy taxes for the
- 31 maintenance of the schools: **has the meaning set forth in**
- 32 **IC 36-1-2-17.**
- 33 (5) "Individualized education program" means a written
- 34 statement developed by a group that includes:
- 35 (A) a representative of the school corporation or public
- 36 agency responsible for educating the child;
- 37 (B) the child's teacher;
- 38 (C) the child's parent, guardian, or custodian;
- 39 (D) if appropriate, the child; and
- 40 (E) if the provision of services for a seriously emotionally
- 41 disabled child is considered, a mental health professional
- 42 provided by the community mental health center (as
- 43 described under IC 12-29) or a managed care provider (as
- 44 defined in IC 12-7-2-127(b)) and serving the community in
- 45 which the child resides;
- 46 and that describes the special education to be provided to the

- 1 child.
- 2 (6) "Preschool child with a disability" refers to a disabled child
- 3 who is at least three (3) years of age by September 1 of the
- 4 1989-90 school year, August 1 of the 1990-91 school year, July
- 5 1 of the 1991-92 school year, or June 1 of the 1992-93 school
- 6 year and every subsequent school year.
- 7 (7) "Special education" means instruction specially designed to
- 8 meet the unique needs of a child with a disability. It includes
- 9 transportation, developmental, corrective, and other support
- 10 services and training only when required to assist a child with a
- 11 disability to benefit from the instruction itself.
- 12 (8) "School year" has the meaning set forth in IC 20-10.1-2-1.

13 SECTION 54. IC 20-2-2-3 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) The
 15 township trustees of each and every township of each county shall
 16 perform all the civil functions performed before March 13, 1947, by
 17 such township trustees and together with other township trustees of the
 18 county shall constitute a county board of education for the purpose of
 19 managing the affairs of the county school corporation hereby created
 20 in each such county. School cities and school towns shall retain
 21 independent organization and administration unless abandoned as
 22 provided by law, and the county school corporation, also referred to in
 23 this chapter as the county, shall include all areas not organized on
 24 March 13, 1947, under the laws of this state into jurisdictions
 25 controlled and governed as school cities or school towns. Said county
 26 board of education may be referred to interchangeably as the county
 27 board of school trustees and as the board. Said board shall meet at such
 28 time as the board shall designate at the office of the county
 29 superintendent of schools and at such other times and places as the
 30 county superintendent of schools may deem necessary. At the first
 31 meeting of each year, to be held on the first Wednesday after the first
 32 Monday in January, the board shall organize by selecting a president,
 33 a vice president, a secretary, and a treasurer from its membership.
 34 Provided, however, that no later than April 12, 1947, it shall be the
 35 duty of the county superintendent of schools to call said board into
 36 special session and unless the county board of education shall elect to
 37 have the provisions of this section remain inoperative, under provisions
 38 that may be included within this section, said board shall so organize
 39 itself, except that the failure of the county superintendent of schools to
 40 call the county board of education into session within the prescribed
 41 limits of this section shall not be construed to mean that a county
 42 school corporation as described in this section shall be brought into
 43 existence in such county, and no such county school corporation shall
 44 be brought into existence until the board has met in special session
 45 subsequent to March 13, 1947, and has taken action to organize itself
 46 into a county school corporation, after consideration of the question

1 whether it should elect to have the provisions of this section remain
2 inoperative under provisions that may be included within this section.
3 Such organization when and if effected shall be filed with the county
4 auditor and shall be published by said auditor in two (2) newspapers of
5 different political persuasions of general circulation throughout the
6 county within ten (10) days after such filing, and such organization
7 shall be deemed to fulfill all the requirements of this section for the
8 transacting of public business under this section. The secretary of the
9 board shall keep an accurate record of the minutes of the board, which
10 minutes shall be kept at the county superintendent's office. The county
11 superintendent shall act as administrator of the board and shall carry
12 out such acts and duties as shall be designated by the board. A quorum
13 shall consist of two-thirds (2/3) of the members of the board.

14 (b) The board shall make decisions as to the general conduct of the
15 schools, which shall be enforced as entered upon the minutes recorded
16 by the secretary of the board, and shall exercise all powers exercised
17 before March 13, 1947, under the law, by or through township trustees
18 or meetings or petitions of the trustees of the county.

19 (c) The board shall appoint a county superintendent of schools
20 who shall serve for a term of four (4) years. The first such appointment
21 under this section shall be made in accordance with law in June 1949,
22 to become effective August 16, 1949, and thereafter the board shall fill
23 vacancies in this office by appointments which shall expire at the end
24 of the regular term. The county superintendent of schools and other
25 persons employed for administrative or supervisory duties shall be
26 deemed to be supervisors of instruction.

27 (d) The government of the common schools of the county shall be
28 vested in the board, and the board shall function with all the authority,
29 powers, privileges, duties, and obligations granted to or required of
30 school cities before March 13, 1947, and school towns and their
31 governing boards generally under the laws pertaining thereto with
32 reference to the purchase of supplies, purchase and sale of buildings,
33 grounds, and equipment, the erection of buildings, the employment and
34 dismissal of school personnel, the right and power to sue and be sued
35 in the name of the county, the insuring of property and employees,
36 **except as provided in IC 21-2-11-2**, the levying and collecting of
37 taxes, the making and executing of a budget, the borrowing of money,
38 the paying of the salaries and expenses of the county superintendent
39 and employees as approved by the board and to any act necessary to the
40 proper administration of the common schools of the county.

41 (e) Such school corporations shall be vested with all right, title,
42 and interest of their respective predecessor township school
43 corporations hereby terminated to and in all the real, personal, and
44 other property of any nature and from whatever source derived, and
45 shall assume, pay, and be liable for all the indebtedness and liabilities
46 of the same.

1 (f) The treasurer, before entering upon the duties of his office,
 2 shall execute a bond to the acceptance of the county auditor in an
 3 amount equal to the largest sum of money that will be in the possession
 4 of the treasurer at any one (1) time conditioned as an ordinary official
 5 bond, with a reliable surety company or at least two (2) sufficient
 6 freehold sureties, who shall not be members of such board, as surety or
 7 sureties on such bond. The president and secretary shall each give
 8 bond, with like surety or sureties, to be approved by the county auditor,
 9 in the sum of one-fourth (1/4) of said amount. Provided, that such
 10 boards of school trustees may purchase said bonds from some reliable
 11 surety company, and pay for them out of the special school revenue of
 12 their respective counties.

13 (g) The powers set forth in this section shall not be considered as
 14 or construed to limit the power and authority of such boards to the
 15 powers therein expressly conferred or to restrict or modify any powers
 16 or authority granted by any other law not in conflict with the provisions
 17 of this section.

18 (h) **Except as provided in IC 21-2-11-2**, every such board shall
 19 have, as respects the levy of taxes by it, power annually to levy such
 20 amount of taxes as in the judgment of such board, made matter of
 21 record in its minutes, should be levied to produce income sufficient to
 22 conduct and carry on the common schools committed to such board.
 23 ~~and~~ It is hereby made the duty of such board annually to levy a sum
 24 sufficient to meet all payments of principal and interest as they will
 25 mature in the year for which such levy is made on the bonds, notes, or
 26 other obligations of such board. The power of such board in so making
 27 tax levies shall be exercised within statutory limits and said levies shall
 28 be subject to the same review as school city and school town levies.

29 SECTION 55. IC 20-2-9-2 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. Said school
 31 trustees shall maintain in each school corporation a term of school at
 32 least six (6) months in duration. ~~and shall authorize a local tuition levy~~
 33 ~~sufficient to conduct a six (6) months term of school each year based~~
 34 ~~on estimates and receipts from all sources for the previous year, which~~
 35 ~~may include that received from the state's tuition revenue: Provided;~~
 36 ~~Such levy shall not exceed the limit now provided by law.~~

37 SECTION 56. IC 20-3-11-18 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 18. **Subject to**
 39 **IC 21-2-11-2**, every such board of school commissioners: ~~shall have;~~
 40 (1) **may**, as respects the levy of taxes by it, ~~power~~ annually to
 41 levy such amount of taxes as in the judgment of said board,
 42 made matter of record in its minutes, should be levied to produce
 43 income sufficient to conduct and carry on the work committed to
 44 such board; ~~and it is hereby made the duty of said board~~
 45 (2) **shall** annually ~~to~~ levy a sum sufficient to meet all payments
 46 of principal and interest as they will mature in the year for which

1 such levy is made on the bonds, notes, or other obligations of
 2 said board. ~~and the fund arising from any levy made by such~~
 3 ~~board shall be known as its "general fund."~~ Said general fund
 4 ~~may lawfully be used by said board for any purpose within the~~
 5 ~~scope of the duties of such board as imposed by law.~~

6 SECTION 57. IC 20-3-11-20 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 20. (a) Each such
 8 board of school commissioners may from time to time, whenever its
 9 general fund shall be exhausted or in the board's judgment be in danger
 10 of exhaustion, make temporary loans for the use of its general fund to
 11 be paid out of ~~the proceeds of taxes theretofore levied by such school~~
 12 ~~city for its money to be deposited in the~~ general fund. The amount so
 13 borrowed in aid of said general fund shall be paid into said general
 14 fund and may be used for any purpose for which the said general fund
 15 lawfully may be used. Any such temporary loan shall be evidenced by
 16 the promissory note or notes of said school city, shall bear interest at
 17 not more than seven percent (7%) per annum, interest payable at the
 18 maturity of the note or periodically, as the note may express, and shall
 19 mature at such time or times as the board of school commissioners may
 20 decide, but not later than one (1) year from the date of the note. No
 21 such loan or loans made in any one (1) calendar year shall be for a sum
 22 greater than the amount estimated by said board as the ~~proceeds money~~
 23 to be ~~received by it from the levy of taxes theretofore made by said~~
 24 ~~school city in behalf of its said deposited in the~~ general fund ~~before~~
 25 **the due date of the note.** Successive loans may be made in aid of said
 26 general fund in any calendar year, but the aggregate amount thereof,
 27 outstanding at any one (1) time, shall not exceed such estimated
 28 ~~proceeds of taxes levied in behalf of the said general fund.~~ **amounts to**
 29 **be deposited in the general fund during the terms of the notes.**

30 (b) No such loan shall be made until notice asking for bids
 31 therefor shall have been given by newspaper publication, which
 32 publication shall be made one (1) time in a newspaper published in said
 33 city and said publication shall be at least seven (7) days before the time
 34 when bids for such loans will be opened. Bidders shall name the
 35 amount of interest they agree to accept not exceeding seven percent
 36 (7%) per annum, and the loan shall be made to the bidder or bidders
 37 bidding the lowest rate of interest. The note or notes or warrants shall
 38 not be delivered until the full price of the face thereof shall be paid to
 39 the treasurer of said school city, and no interest shall accrue thereon
 40 before such delivery.

41 (c) Any such school corporation wishing to make a temporary loan
 42 in aid of its general fund, finding that it has need to exercise the power
 43 in this section above given to make a temporary loan, which has in its
 44 treasury money derived from the sale of bonds, which money derived
 45 from the sale of bonds cannot or will not, in the due course of the
 46 business of said school city, be expended in the then near future, may,

1 if it so elects, temporarily borrow, and without payment of interest,
 2 from such bond fund, for the use and aid of said general fund in the
 3 manner and to the extent hereinafter expressed, viz.: Such school city
 4 shall, by its board of school commissioners, take all the steps required
 5 by law to effect such temporary loan up to the point of advertising for
 6 bids or offers for such loans; it shall then present to the state board of
 7 tax commissioners of the state of Indiana, and to the state board of
 8 accounts of the state of Indiana, a copy of the corporate action of said
 9 school city concerning its desire to make such temporary loan and a
 10 petition showing the particular need for such temporary loan, and the
 11 amount and the date or dates when said general fund will need such
 12 temporary loan, or ~~instalments~~ **installments** of such loan, and the date
 13 at which such loan, and each ~~instalment~~ **installment** thereof, will be
 14 needed, and the estimated amounts ~~from taxes~~ to come into said
 15 general fund, and the dates when it is expected ~~such proceeds of taxes~~
 16 **that the amounts** will be received by such school city in behalf of said
 17 general fund, and showing what amount of money said school city has
 18 in any fund derived from the proceeds of the sale of bonds, which
 19 cannot or will not be expended in the then near future, and showing
 20 when and to what extent and why money in such bond fund, not soon
 21 to be expended, will not be expended in the then near future and
 22 requesting that said state board of tax commissioners, and said state
 23 board of accounts, respectively, authorize a temporary loan from said
 24 bond fund in aid of said general fund.

25 (d) If said state board of tax commissioners shall find and order
 26 that there is need for such temporary loan, and that it should be made,
 27 and said state board of accounts shall find that the money proposed to
 28 be borrowed will not be needed during the period of the temporary loan
 29 by the fund from which it is to be borrowed, and said two (2) state
 30 boards shall approve the loan, the business manager and treasurer of
 31 said school city shall, upon such approval by said two (2) state boards,
 32 take all steps necessary to transfer the amount of such loans, as a
 33 temporary loan from the fund to be borrowed from, to said general fund
 34 of such school city. The loan so effected shall, for all purposes, be a
 35 debt of the school city chargeable against its constitutional debt limit.

36 (e) Such two (2) state boards may fix the aggregate amount so to
 37 be borrowed on any one (1) petition and shall determine at what time
 38 or times and in what ~~instalments~~ **installments** and for what periods it
 39 shall be borrowed. The treasurer and business manager of such school
 40 city, from time to time, as money shall be collected ~~from taxes levied~~
 41 in behalf of said general fund, shall credit the same on such loan until
 42 the amount borrowed is fully repaid to the lending fund, and they shall
 43 at the end of each calendar month report to the board the several
 44 amounts so applied ~~from taxes~~ to the payment of such loan.

45 (f) The school city shall, as often as once a month, report to both
 46 of said state boards the amount of money then so borrowed and unpaid,

1 the anticipated like borrowings of the current month, the amount left in
2 the said general fund, and the anticipated drafts upon the lending bond
3 fund for the objects for which that fund was created.

4 (g) Said two (2) state boards, or either of them, may, if it shall
5 seem to said boards, or to either of them, that the fund from which the
6 loan was made requires the repayment of all or of part of such loan(s)
7 before its maturity or said general fund no longer requires all or some
8 part of the proceeds of such loan, require such school city to repay all
9 or any part of such loan and, if necessary to perform the requirement,
10 such school city shall exercise its power of making a temporary loan
11 procured from others to raise the money so needed to repay the lending
12 bond fund the amount so ordered repaid.

13 SECTION 58. IC 20-3.1-15-1 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. To provide the
15 board with the necessary flexibility and resources to carry out this
16 article, the following apply:

17 (1) The board may eliminate or modify existing policies and
18 create new policies, and alter policies from time to time, subject
19 to this article and the plan developed under IC 20-3.1-7.

20 (2) IC 20-7.5 does not apply to matters set forth in this article.
21 The matters set forth in this article may not be the subject of
22 collective bargaining or discussion under IC 20-7.5.

23 (3) An exclusive representative certified under IC 20-7.5 to
24 represent certified employees of the school city, or any other
25 entity voluntarily recognized by the board as a representative of
26 employees providing educational services in the schools, may
27 bargain collectively only concerning salary, wages, and salary
28 and wage related fringe benefits. The exclusive representative
29 may not bargain collectively or discuss performance awards
30 under IC 20-3.1-12.

31 (4) The board of school commissioners may waive the following
32 statutes and rules for any school in the school city without the
33 need for administrative, regulatory, or legislative approval:

34 (A) The following rules concerning curriculum and
35 instructional time:

- 36 511 IAC 6.1-3-4
- 37 511 IAC 6.1-5-0.5
- 38 511 IAC 6.1-5-1
- 39 511 IAC 6.1-5-2.5
- 40 511 IAC 6.1-5-3.5
- 41 511 IAC 6.1-5-4

42 (B) The following rules concerning pupil/teacher ratios:

- 43 511 IAC 6-2-1(b)(2)
- 44 511 IAC 6.1-4-1

45 (C) The following statutes and rules concerning textbooks,
46 and rules adopted under the statutes:

- 1 IC 20-10.1-9-1
 2 IC 20-10.1-9-18
 3 IC 20-10.1-9-21
 4 IC 20-10.1-9-23
 5 IC 20-10.1-9-27
 6 IC 20-10.1-10-1
 7 IC 20-10.1-10-2
 8 511 IAC 6.1-5-5
 9 (D) The following rules concerning school principals:
 10 511 IAC 6-2-1(c)(4)
 11 511 IAC 6.1-4-2
 12 (E) 511 IAC 2-2, concerning school construction and
 13 remodeling.
 14 (5) Notwithstanding any other law, a school city may do the
 15 following:
 16 (A) Lease school transportation equipment to others for
 17 nonschool use when the equipment is not in use for a school
 18 city purpose.
 19 (B) Establish a professional development and technology
 20 fund to be used for:
 21 (i) professional development; or
 22 (ii) technology, including video distance learning.
 23 (C) Transfer funds obtained from sources other than state or
 24 local government taxation among any account of the school
 25 corporation, including a professional development and
 26 technology fund established under clause (B).
 27 (6) Transfer funds obtained from ~~property taxation distributions~~
 28 **under IC 21-3-1.7-8** among the general fund (established under
 29 IC 21-2-11) and the school transportation fund (established
 30 under IC 21-2-11.5). ~~subject to the following:~~
 31 (A) ~~The sum of the property tax rates for the general fund~~
 32 ~~and the school transportation fund after a transfer occurs~~
 33 ~~under this subdivision may not exceed the sum of the~~
 34 ~~property tax rates for the general fund and the school~~
 35 ~~transportation fund before a transfer occurs under this~~
 36 ~~clause.~~
 37 (B) ~~This clause subdivision~~ does not allow a school
 38 corporation to transfer to any other fund money from the
 39 debt service fund (established under IC 21-2-4).
 40 SECTION 59. IC 20-4-1-26.9 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 26.9. (a) This
 42 section applies to each school corporation, whenever created.
 43 (b) **Subject to IC 21-2-11-2**, each board of school trustees created
 44 under this chapter may annually levy the amount of taxes that, in the
 45 judgment of the board, made a matter of record in its minutes, should
 46 be levied to produce income sufficient to conduct and carry on the

1 public schools committed to the board. The board shall annually levy
 2 a rate that will produce a sum sufficient to meet all payments of
 3 principal and interest as they mature in the year for which the levy is
 4 made on the bonds, notes, or other obligations of the community school
 5 corporation.

6 (c) The power of the board in making tax levies shall be exercised
 7 within existing statutory limits. The levies are subject to the same
 8 review as school city levies and shall be at a uniform and equal rate on
 9 all taxable property located within the boundaries of the community
 10 school corporation.

11 SECTION 60. IC 20-4-5-9 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. Except as
 13 otherwise provided with respect to the power to issue bonds in section
 14 10 of this chapter, said school board shall perform the duties and shall
 15 have all the powers vested in the school board or board of trustees of
 16 a school city of the class in which the consolidated school corporation
 17 would fall on the basis of its population according to the last preceding
 18 United States census under the statutes of this state, if it were organized
 19 as a school city. In the event, however, such consolidated school
 20 corporation has a population determined in such manner of less than
 21 two thousand (2,000), such school board shall perform the duties and
 22 shall have all the powers vested in the school board of a school town.
 23 The cost of maintaining such consolidated schools shall be borne by the
 24 consolidated school corporation as a single tax unit. ~~Taxes to meet such~~
 25 ~~cost shall be levied by said consolidated school board at a uniform and~~
 26 ~~equal rate on all the taxable property located within the limits of said~~
 27 ~~consolidated school corporation, and collected in the city or cities,~~
 28 ~~town or towns, township or townships in the same manner as other~~
 29 ~~taxes are levied and collected.~~

30 SECTION 61. IC 20-4-8-11 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 11. (a) The board
 32 as above referred to shall make decisions pertaining to the general
 33 conduct of the schools which shall be enforced as entered upon the
 34 minutes recorded by the secretary of the board, and subject to
 35 provisions in this chapter otherwise, shall exercise all powers
 36 previously exercised under the law, by or through township trustees or
 37 meetings or petitions of the township trustees of the county, or county
 38 boards of education previously existing and such offices, namely,
 39 township trustee, county board or county boards of education insofar
 40 as the conduct of public schools is concerned are abolished as of noon
 41 on the day and date the county school corporation is created and comes
 42 into existence under this chapter.

43 (b) The county superintendent of schools and other persons
 44 employed for administrative or supervisory duties may be deemed to
 45 be supervisors of instruction.

46 (c) The government of the common schools of the county shall be

1 vested in the board, and the board shall function with all the authority,
 2 powers, privileges, duties, and obligations previously granted to or
 3 required of school cities and their governing boards generally under the
 4 laws pertaining thereto with reference to the purchase of supplies,
 5 purchase and sale of buildings, grounds, and equipment, the erection
 6 of buildings, the employment and dismissal of school personnel, the
 7 insuring of property and employees, the levying and collecting of taxes,
 8 the making and executing of a budget, the borrowing of money, the
 9 paying of the salaries and expenses of the county superintendent and
 10 employees as approved by the board, shall be a body corporate and
 11 politic by the name and style of "The County School Corporation of
 12 _____ County, Indiana" with the right to prosecute and defend suits;
 13 and shall act in any manner necessary to the proper administration of
 14 the common schools of the county.

15 (d) School corporations shall be vested with all rights, titles, and
 16 interests of their respective predecessor township and town school
 17 corporations terminated; and in all the real, personal, and other
 18 property of any nature and from whatever source derived, and shall
 19 assume, pay, and be liable for all the indebtedness, obligations, and
 20 liabilities and duties of the predecessor corporations from whatever
 21 source derived and however arising, and shall institute and defend suits
 22 arising out of aforesaid liabilities, obligations, duties, and rights
 23 assumed as a county school corporation.

24 (e) The treasurer, before entering upon the duties of his office,
 25 shall execute a bond to the acceptance of the county auditor in an
 26 amount equal to the largest sum of money that will be in the possession
 27 of the treasurer at any one time, conditioned as an ordinary official
 28 bond, with a reliable surety company or at least two (2) sufficient
 29 freehold sureties, who shall not be members of such board, as surety or
 30 sureties on such bond. The president and the secretary shall each give
 31 bond, with like surety or sureties, to be approved by the county auditor,
 32 in the sum of one-fourth (1/4) of said amount. Boards of school trustees
 33 may purchase bonds from some reliable surety company and pay for
 34 them out of the special school revenue of their respective counties.

35 (f) The powers set forth in this section shall not be considered as
 36 or construed to limit the power and authority of such boards to the
 37 powers therein expressly conferred or to restrict or modify any powers
 38 or authority granted by any other law not in conflict with the provisions
 39 of this section.

40 (g) **Subject to IC 21-2-11-2**, every such board shall have the
 41 power annually to levy such amount of taxes as in the judgment of such
 42 board, made matter of record in its minutes, should be levied to
 43 produce income sufficient to conduct and carry on the common schools
 44 committed to such board, and it is made the duty of such board
 45 annually to levy a rate and levy that will produce a sum sufficient to
 46 meet all payments of principal and interest as they will mature in the

1 year for which such levy is made on the bonds, notes, or other
 2 obligations of such board. The power of such board in so making tax
 3 levies shall be exercised within existing statutory limits and said levies
 4 shall be subject to the same review as school city levies.

5 SECTION 62. IC 20-4-8-21 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 21. (a) The board
 7 as referred to in this chapter shall make decisions pertaining to the
 8 general conduct of the schools which shall be enforced as entered upon
 9 the minutes recorded by the secretary of the board, and, subject to this
 10 chapter, shall exercise all powers previously exercised under the law,
 11 by or through township trustees or meetings or petitions of the
 12 township trustees of the county, ~~and/or or~~ county boards of education
 13 previously existing, and such offices, namely township trustee, county
 14 board ~~and/or or~~ county boards of education insofar as the conduct of
 15 public schools is concerned are hereby abolished as of noon on the day
 16 and date the metropolitan school district is created and comes into
 17 existence.

18 (b) The metropolitan superintendent of schools and other persons
 19 employed for administrative or supervisory duties may be deemed to
 20 be supervisors of instruction and as such eligible, subject to the rules
 21 that have been or shall be adopted by the **Indiana** state board of
 22 education, to qualify for teaching units in accordance with law.

23 (c) The government of the common schools of said district shall
 24 be vested in the board, and the board shall function with all the
 25 authority, powers, privileges, duties, and obligations previously granted
 26 to or required of school cities and their governing boards generally
 27 under the laws pertaining thereto with reference to the purchase of
 28 supplies, purchase and sale of buildings, grounds, and equipment, the
 29 erection of buildings, the employment and dismissal of school
 30 personnel, the insuring of property and employees, the levying and
 31 collecting of taxes, the making and executing of a budget, the
 32 borrowing of money, the paying of the salaries and expenses of the
 33 county superintendent and employees as approved by the board; shall
 34 be a body corporate and politic by the name and style of "The
 35 Metropolitan School District of _____, Indiana" with the right to
 36 prosecute and defend suits and shall act in any manner necessary to the
 37 proper administration of the common schools of the county.

38 (d) Such school districts shall be vested with all rights, titles, and
 39 interests of their respective predecessor township and town school
 40 corporations hereby terminated and in all the real, personal, and other
 41 property of any nature and from whatever source derived, and shall
 42 assume, pay, and be liable for all the indebtedness, obligations, and
 43 liabilities and duties of said predecessor corporations from whatever
 44 source derived and however arising and shall institute and defend suits
 45 arising out of aforesaid liabilities, obligations, duties, and rights
 46 assumed as a metropolitan school district.

1 (e) The treasurer, before entering upon the duties of his office,
 2 shall execute a bond to the acceptance of the county auditor which shall
 3 in no event be greater than the largest sum of money that will be in the
 4 possession of the treasurer at any one (1) time. The board of education
 5 may purchase said bond from a reliable surety company and pay for it
 6 out of the special school revenue of the metropolitan district.

7 (f) The powers set forth in this section shall not be considered as
 8 or construed to limit the power and authority of such boards to the
 9 powers therein expressly conferred or to restrict or modify any powers
 10 or authority granted by any other law not in conflict with the provisions
 11 of this section.

12 (g) **Subject to IC 21-2-11-2**, every such board shall have the
 13 power annually to levy such amount of taxes as in the judgment of such
 14 board, made matter of record in its minutes, should be levied to
 15 produce income sufficient to conduct and carry on the common schools
 16 committed to such board, and it is hereby made the duty of such board
 17 annually to levy a rate and levy that will produce a sum sufficient to
 18 meet all payments of principal and interest as they will mature in the
 19 year for which such levy is made on the bonds, notes, or other
 20 obligations of such board. The power of such board in so making tax
 21 levies shall be exercised within statutory limits and said levies shall be
 22 subject to the same review as school city levies.

23 SECTION 63. IC 20-5-2-2 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. In carrying out
 25 the school purposes of each school corporation, its governing body
 26 acting on its behalf shall have the following specific powers:

27 (1) In the name of the school corporation, to sue and be sued and
 28 to enter into contracts in matters permitted by applicable law.

29 (2) To take charge of, manage, and conduct the educational
 30 affairs of the school corporation and to establish, locate, and
 31 provide the necessary schools, school libraries, other libraries
 32 where permitted by law, other buildings, facilities, property, and
 33 equipment therefor.

34 (2.5) To appropriate from the general fund an amount, not to
 35 exceed the greater of three thousand dollars (\$3,000) per budget
 36 year or one dollar (\$1) per pupil, not to exceed twelve thousand
 37 five hundred dollars (\$12,500), based upon the school
 38 corporation's previous year's average daily membership (as
 39 defined in IC 21-3-1.6-1.1) for the purpose of promoting the best
 40 interests of the school corporation by:

41 (A) the purchase of meals, decorations, memorabilia, or
 42 awards;

43 (B) provision for expenses incurred in interviewing job
 44 applicants; or

45 (C) developing relations with other governmental units.

46 (3) To acquire, construct, erect, maintain, hold, and to contract

1 for such construction, erection, or maintenance of such real
2 estate, real estate improvements, or any interest in either, as the
3 governing body deems necessary for school purposes, including
4 but not limited to buildings, parts of buildings, additions to
5 buildings, rooms, gymnasiums, auditoriums, playgrounds,
6 playing and athletic fields, facilities for physical training,
7 buildings for administrative, office, warehouse, repair activities,
8 or housing of school owned buses, landscaping, walks, drives,
9 parking areas, roadways, easements and facilities for power,
10 sewer, water, roadway, access, storm and surface water, drinking
11 water, gas, electricity, other utilities and similar purposes, by
12 purchase, either outright for cash (or under conditional sales or
13 purchases money contracts providing for a retention of a security
14 interest by seller until payment is made or by notes where such
15 contract, security retention, or note is permitted by applicable
16 law), by exchange, by gift, by devise, by eminent domain, by
17 lease with or without option to purchase, or by lease under
18 IC 21-5-10, IC 21-5-11, or IC 21-5-12. To repair, remodel,
19 remove, or demolish any such real estate, real estate
20 improvements, or interest in either, as the governing body deems
21 necessary for school purposes, and to contract therefor. To
22 provide for energy conservation measures through utility energy
23 efficiency programs or under a guaranteed energy savings
24 contract as described in IC 36-1-12.5.

25 (4) To acquire such personal property or any interest therein as
26 the governing body deems necessary for school purposes,
27 including but not limited to buses, motor vehicles, equipment,
28 apparatus, appliances, books, furniture, and supplies, either by
29 outright purchase for cash, or under conditional sales or
30 purchase money contracts providing for a security interest by the
31 seller until payment is made or by notes where such contract,
32 security, retention, or note is permitted by applicable law, by
33 gift, by devise, by loan, or by lease with or without option to
34 purchase and to repair, remodel, remove, relocate, and demolish
35 such personal property. All purchases and contracts delineated
36 under the powers given under subdivision (3) and this
37 subdivision shall be subject solely to applicable law relating to
38 purchases and contracting by municipal corporations in general
39 and to the supervisory control of agencies of the state as
40 provided in section 3 of this chapter.

41 (5) To sell or exchange any of such real or personal property or
42 interest therein, which in the opinion of the governing body is
43 not necessary for school purposes, in accordance with IC 20-5-5,
44 to demolish or otherwise dispose of such property if, in the
45 opinion of the governing body, it is not necessary for school
46 purposes and is worthless, and to pay the expenses for such

1 demolition or disposition.
2 (6) To lease any school property for a rental which the governing
3 body deems reasonable or to permit the free use of school
4 property for:
5 (A) civic or public purposes; or
6 (B) the operation of a school age child care program for
7 children aged five (5) through fourteen (14) years that
8 operates before or after the school day, or both, and during
9 periods when school is not in session;
10 if the property is not needed for school purposes. Under this
11 subdivision, the governing body may enter into a long term lease
12 with a nonprofit corporation, community service organization, or
13 other governmental entity, if the corporation, organization, or
14 other governmental entity will use the property to be leased for
15 civic or public purposes or for a school age child care program.
16 However, if the property subject to a long term lease is being
17 paid for from money in the school corporation's debt service
18 fund, then all proceeds from the long term lease shall be
19 deposited in that school corporation's debt service fund so long
20 as the property has not been paid for. The governing body may,
21 at its option, use the procedure specified in IC 36-1-11-10 in
22 leasing property under this subdivision.
23 (7) To employ, contract for, and discharge superintendents,
24 supervisors, principals, teachers, librarians, athletic coaches
25 (whether or not they are otherwise employed by the school
26 corporation and whether or not they are licensed under
27 IC 20-6.1-3), business managers, superintendents of buildings
28 and grounds, janitors, engineers, architects, physicians, dentists,
29 nurses, accountants, teacher aides performing noninstructional
30 duties, educational and other professional consultants, data
31 processing and computer service for school purposes, including
32 but not limited to the making of schedules, the keeping and
33 analyzing of grades and other student data, the keeping and
34 preparing of warrants, payroll, and similar data where approved
35 by the state board of accounts as provided below, and such other
36 personnel or services, all as the governing body considers
37 necessary for school purposes. To fix and pay the salaries and
38 compensation of such persons and such services. To classify
39 such persons or services and to adopt schedules of salaries or
40 compensation. To determine the number of such persons or the
41 amount of services thus employed or contracted for. To
42 determine the nature and extent of their duties. The
43 compensation, terms of employment, and discharge of teachers
44 shall, however, be subject to and governed by the laws relating
45 to employment, contracting, compensation, and discharge of
46 teachers. The compensation, terms of employment, and

1 discharge of bus drivers shall be subject to and shall be governed
2 by any laws relating to employment, contracting, compensation,
3 and discharge of bus drivers. The forms and procedures relating
4 to the use of computer and data processing equipment in
5 handling the financial affairs of such school corporation shall be
6 submitted to the state board of accounts for approval to the end
7 that such services shall be used by the school corporation when
8 the governing body determines that it is in the best interests of
9 the school corporation while at the same time providing
10 reasonable accountability for the funds expended.

11 (8) Notwithstanding the appropriation limitation in subdivision
12 (2.5), when the governing body by resolution deems a trip by an
13 employee of the school corporation or by a member of the
14 governing body to be in the interest of the school corporation,
15 including but not limited to attending meetings, conferences, or
16 examining equipment, buildings, and installation in other areas,
17 to permit such employee to be absent in connection with such
18 trip without any loss in pay and to refund to such employee or to
19 such member his reasonable hotel and board bills and necessary
20 transportation expenses. To pay teaching personnel for time
21 spent in sponsoring and working with school related trips or
22 activities.

23 (9) To transport children to and from school, when in the opinion
24 of the governing body such transportation is necessary, including
25 but not limited to considerations for the safety of such children
26 and without regard to the distance they live from the school, such
27 transportation to be otherwise in accordance with the laws
28 applicable thereto.

29 (10) To provide a lunch program for a part or all of the students
30 attending the schools of the school corporation, including but not
31 limited to the establishment of kitchens, kitchen facilities,
32 kitchen equipment, lunch rooms, the hiring of the necessary
33 personnel to operate such program, and the purchase of any
34 material and supplies therefor, charging students for the
35 operational costs of such lunch program, fixing the price per
36 meal or per food item. To operate such lunch program as an
37 extracurricular activity, subject to the supervision of the
38 governing body. To participate in any surplus commodity or
39 lunch aid program.

40 (11) To purchase textbooks, to furnish them without cost or to
41 rent them to students, to participate in any textbook aid program,
42 all in accordance with applicable law.

43 (12) To accept students transferred from other school
44 corporations and to transfer students to other school corporations
45 in accordance with applicable law.

46 (13) To, **subject to IC 21-2-11-2**, levy taxes, to make budgets,

- 1 to appropriate funds, and to disburse the money of the school
2 corporation in accordance with the laws applicable thereto. To
3 borrow money against current tax collections and otherwise to
4 borrow money, in accordance with IC 20-5-4.
- 5 (14) To purchase insurance or to establish and maintain a
6 program of self-insurance relating to the liability of the school
7 corporation or its employees in connection with motor vehicles
8 or property and for any additional coverage to the extent
9 permitted and in accordance with IC 34-13-3-20. To purchase
10 additional insurance or to establish and maintain a program of
11 self-insurance protecting the school corporation and members of
12 the governing body, employees, contractors, or agents of the
13 school corporation from any liability, risk, accident, or loss
14 related to any school property, school contract, school or school
15 related activity, including but not limited to the purchase of
16 insurance or the establishment and maintenance of a
17 self-insurance program protecting such persons against false
18 imprisonment, false arrest, libel, or slander for acts committed
19 in the course of their employment, protecting the school
20 corporation for fire and extended coverage and other casualty
21 risks to the extent of replacement cost, loss of use, and other
22 insurable risks relating to any property owned, leased, or held by
23 the school corporation. To purchase insurance or to establish and
24 maintain a program of self-insurance to benefit school
25 corporation employees, which may include accident, sickness,
26 health, or dental coverage, provided that any plan of
27 self-insurance shall include an aggregate stop-loss provision.
- 28 (15) To make all applications, to enter into all contracts, and to
29 sign all documents necessary for the receipt of aid, money, or
30 property from the state government, the federal government, or
31 from any other source.
- 32 (16) To defend any member of the governing body or any
33 employee of the school corporation in any suit arising out of the
34 performance of his duties for or employment with, the school
35 corporation, provided the governing body by resolution
36 determined that such action was taken in good faith. To save any
37 such member or employee harmless from any liability, cost, or
38 damage in connection therewith, including but not limited to the
39 payment of any legal fees, except where such liability, cost, or
40 damage is predicated on or arises out of the bad faith of such
41 member or employee, or is a claim or judgment based on his
42 malfeasance in office or employment.
- 43 (17) To prepare, make, enforce, amend, or repeal rules,
44 regulations, and procedures for the government and management
45 of the schools, property, facilities, and activities of the school
46 corporation, its agents, employees, and pupils and for the

1 operation of its governing body, which rules, regulations, and
 2 procedures may be designated by any appropriate title such as
 3 "policy handbook", "bylaws", or "rules and regulations".
 4 (18) To ratify and approve any action taken by any member of
 5 the governing body, any officer of the governing body, or by any
 6 employee of the school corporation after such action is taken, if
 7 such action could have been approved in advance, and in
 8 connection therewith to pay any expense or compensation
 9 permitted under IC 20-5-1 through IC 20-5-6 or any other law.
 10 (19) To exercise any other power and make any expenditure in
 11 carrying out its general powers and purposes provided in this
 12 chapter or in carrying out the powers delineated in this section
 13 which is reasonable from a business or educational standpoint in
 14 carrying out school purposes of the school corporation, including
 15 but not limited to the acquisition of property or the employment
 16 or contracting for services, even though such power or
 17 expenditure shall not be specifically set out herein. The specific
 18 powers set out in this section shall not be construed to limit the
 19 general grant of powers provided in this chapter except where a
 20 limitation is set out in IC 20-5-1 through IC 20-5-6 by specific
 21 language or by reference to other law.

22 SECTION 64. IC 20-5-4-6 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 6. If the
 24 governing board shall find, by written resolution, that an emergency
 25 exists which requires the expenditure of any money for any lawful
 26 corporate purpose which was not included in its existing budget, ~~and~~
 27 ~~tax levy~~; it may authorize the making of an emergency loan which may
 28 be evidenced by the issuance of its note or notes in the same manner
 29 and subject to the same procedure and restrictions as provided for the
 30 issuance of its bonds, except as to purpose. **Subject to IC 21-2-11-2,**
 31 at the time for making the next annual budget and tax levy for such
 32 school corporation, the governing body shall make a levy to the credit
 33 of the fund for which such expenditure is made sufficient to pay such
 34 debt and the interest thereon; however, the interest on the loan may be
 35 paid from the debt service fund.

36 SECTION 65. IC 20-5-4-8 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. (a) Whenever
 38 the governing board of a school corporation finds and declares that an
 39 emergency exists for the borrowing of money with which to pay current
 40 expenses from a particular fund before the receipt of revenues ~~from~~
 41 ~~taxes levied~~ or state ~~tuition support~~ distributions for such fund, the
 42 governing board may issue warrants in anticipation of the receipt of
 43 said revenues.

44 (b) The principal of these warrants shall be payable solely from the
 45 fund ~~for which the taxes are levied~~ **that receives the loan proceeds** or
 46 from the general fund in the case of anticipated state tuition support

1 distributions. ~~However,~~ The interest on these warrants may be paid
 2 from the debt service fund, from the fund ~~for which the taxes are~~
 3 ~~levied, that receives the loan proceeds,~~ or from the general fund in
 4 the case of anticipated state tuition support distributions.

5 (c) The amount of principal of temporary loans maturing on or
 6 before June 30 for any fund shall not exceed eighty percent (80%) of
 7 the amount of ~~taxes revenues~~ and state tuition support distributions
 8 estimated to be collected or received for and distributed to the fund at
 9 the June settlement.

10 (d) The amount of principal of temporary loans maturing after
 11 June 30, and on or before December 31, shall not exceed eighty percent
 12 (80%) of the amount of ~~taxes revenues~~ and state tuition support
 13 distributions estimated to be ~~collected or received for and distributed~~
 14 ~~to in~~ the fund at the December settlement.

15 (e) At each settlement, the amount of ~~taxes revenues~~ and state
 16 tuition support distributions estimated to be ~~collected or received for~~
 17 ~~and distributed to in~~ the fund includes any allocations to the fund from
 18 the property tax replacement fund.

19 (f) The estimated amount of ~~taxes revenues~~ and state tuition
 20 support distributions to be ~~collected or received and distributed~~ shall
 21 be made by the county auditor or the auditor's deputy. The warrants
 22 evidencing any loan in anticipation of ~~tax~~ revenue or state tuition
 23 support distributions shall not be delivered to the purchaser of the
 24 warrant nor payment made on the warrant before January 1 of the year
 25 the loan is to be repaid. However, the proceedings necessary to the loan
 26 may be held and carried out before January 1 and before the approval.
 27 The loan may be made even though a part of the last preceding June or
 28 December settlement has not yet been received.

29 (g) Proceedings for the issuance and sale of warrants for more than
 30 one (1) fund may be combined, but separate warrants for each fund
 31 shall be issued and each warrant shall state on its face the fund from
 32 which its principal is payable. No action to contest the validity of such
 33 warrants shall be brought later than fifteen (15) days from the first
 34 publication of notice of sale.

35 (h) No issue of ~~tax or state tuition support~~ anticipation warrants
 36 shall be made if the aggregate of all these warrants ~~exceed exceeds~~
 37 twenty thousand dollars (\$20,000) until the issuance is advertised for
 38 sale, bids received, and an award made by the governing board as
 39 required for the sale of bonds, except that the sale notice need not be
 40 published outside of the county nor more than ten (10) days before the
 41 date of sale.

42 SECTION 66. IC 20-5-13-9 IS AMENDED TO READ AS
 43 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. (a) All school
 44 cities, school townships, school towns, and joint districts are hereby
 45 authorized to establish, equip, operate, and maintain school kitchens
 46 and school lunch rooms, for the improvement of the health of the

1 school children attending school therein, and for the advancement of
 2 the educational work of their respective schools; to employ all
 3 necessary directors, assistants, and agents; and appropriate funds of
 4 such school corporations for such purpose. Such participation in a
 5 school lunch program pursuant to the provisions of this chapter shall
 6 be discretionary with the governing board of any school corporation.

7 (b) In the event that federal funds are not available for the purpose
 8 of carrying on a school lunch program, the state of Indiana shall not
 9 participate in such school lunch program and any money appropriated
 10 by the state of Indiana for such purpose, and not expended, shall
 11 immediately revert to the state general fund. Failure on the part of the
 12 state of Indiana to participate in the school lunch program shall not
 13 invalidate any appropriation made or school lunch program carried on
 14 by any school corporation by means of gifts or **other** money **raised by**
 15 **tax levy pursuant to the provisions of this chapter available** for the
 16 purpose of such school lunch program.

17 SECTION 67. IC 20-5-17.5-2 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. (a) This
 19 subsection does not apply to a school corporation in a county having a
 20 population of more than two hundred thousand (200,000) but less than
 21 three hundred thousand (300,000). The governing body of a school
 22 corporation may annually appropriate, from its general fund, a sum ~~of~~
 23 **that does not more than exceed the amount that would be raised by**
 24 **a property tax rate of** one and one-half cents (\$0.015) on each one
 25 hundred dollars (\$100) of assessed valuation in the school corporation
 26 to be paid to a historical society, subject to subsection (c).

27 (b) This subsection applies only to a school corporation in a
 28 county having a population of more than two hundred thousand
 29 (200,000) but less than three hundred thousand (300,000). To provide
 30 funding for a historical society under this section, the governing body
 31 of a school corporation may impose a **property tax rate** of not more
 32 than one and one-half cents (\$0.015) on each one hundred dollars
 33 (\$100) of assessed valuation in the school corporation. ~~This tax is not~~
 34 ~~subject to the tax levy limitations imposed on the school corporation by~~
 35 ~~IC 6-1.1-19-1.5 or the provisions of IC 21-2-11-8.~~ The school
 36 corporation shall deposit the proceeds of the tax in a fund to be known
 37 as the historical society fund. The historical society fund is separate
 38 and distinct from the school corporation's general fund and may be
 39 used only for the purpose of providing funds for a historical society
 40 under this section. Subject to subsection (c), the governing body of the
 41 school corporation may annually appropriate the money in the fund to
 42 be paid in semiannual installments to a historical society having
 43 facilities in the county.

44 (c) Before a historical society may receive payments under this
 45 section, its governing board must adopt a resolution that entitles:

46 (1) the governing body of the school corporation to appoint its

- 1 superintendent and one (1) of its history teachers as visitors, with
 2 the privilege of attending all meetings of the society's governing
 3 board;
 4 (2) the governing body of the school corporation to nominate two
 5 (2) persons for membership on the society's governing board;
 6 (3) the school corporation to use any of the society's facilities
 7 and equipment for educational purposes consistent with the
 8 society's purposes;
 9 (4) the students and teachers of the school corporation to tour the
 10 society's museum, if any, free of charge; and
 11 (5) the school corporation to borrow artifacts from the society's
 12 collection, if any, for temporary exhibit in the schools.

13 SECTION 68. IC 20-5-17.5-2 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE MARCH 1, 2002]: Sec. 2. (a) This
 15 subsection does not apply to a school corporation in a county having a
 16 population of more than two hundred thousand (200,000) but less than
 17 three hundred thousand (300,000). The governing body of a school
 18 corporation may annually appropriate, from its general fund, a sum ~~of~~
 19 **that does not more than exceed the amount that would be raised by**
 20 **a property tax rate of** five-tenths of one cent (\$0.005) on each one
 21 hundred dollars (\$100) of assessed valuation in the school corporation
 22 to be paid to a historical society, subject to subsection (c).

23 (b) This subsection applies only to a school corporation in a
 24 county having a population of more than two hundred thousand
 25 (200,000) but less than three hundred thousand (300,000). To provide
 26 funding for a historical society under this section, the governing body
 27 of a school corporation may impose a **property tax rate** of not more
 28 than five-tenths of one cent (\$0.005) on each one hundred dollars
 29 (\$100) of assessed valuation in the school corporation. ~~This tax is not~~
 30 ~~subject to the tax levy limitations imposed on the school corporation by~~
 31 ~~IC 6-1.1-19-1.5 or the provisions of IC 21-2-11-8.~~ The school
 32 corporation shall deposit the proceeds of the tax in a fund to be known
 33 as the historical society fund. The historical society fund is separate
 34 and distinct from the school corporation's general fund and may be
 35 used only for the purpose of providing funds for a historical society
 36 under this section. Subject to subsection (c), the governing body of the
 37 school corporation may annually appropriate the money in the fund to
 38 be paid in semiannual installments to a historical society having
 39 facilities in the county.

40 (c) Before a historical society may receive payments under this
 41 section, its governing board must adopt a resolution that entitles:
 42 (1) the governing body of the school corporation to appoint its
 43 superintendent and one (1) of its history teachers as visitors, with
 44 the privilege of attending all meetings of the society's governing
 45 board;
 46 (2) the governing body of the school corporation to nominate two

- 1 (2) persons for membership on the society's governing board;
 2 (3) the school corporation to use any of the society's facilities
 3 and equipment for educational purposes consistent with the
 4 society's purposes;
 5 (4) the students and teachers of the school corporation to tour the
 6 society's museum, if any, free of charge; and
 7 (5) the school corporation to borrow artifacts from the society's
 8 collection, if any, for temporary exhibit in the schools.
- 9 SECTION 69. IC 20-5-17.5-3 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) This section
 11 applies to school corporations in a county containing a city having a
 12 population of:
- 13 (1) more than one hundred fifty thousand (150,000) but less than
 14 five hundred thousand (500,000);
 15 (2) more than one hundred twenty thousand (120,000) but less
 16 than one hundred fifty thousand (150,000);
 17 (3) more than one hundred ten thousand (110,000) but less than
 18 one hundred twenty thousand (120,000);
 19 (4) more than ninety thousand (90,000) but less than one
 20 hundred ten thousand (110,000); or
 21 (5) more than seventy-five thousand (75,000) but less than
 22 ninety thousand (90,000).
- 23 (b) In order to provide funding for an art association under this
 24 section, the governing body of a school corporation may impose a tax
 25 of not more than one and one-half cents (\$0.015) on each one hundred
 26 dollars (\$100) of assessed valuation in the school corporation. This tax
 27 is not subject to ~~the tax levy limitations imposed on the school~~
 28 ~~corporation by IC 6-1-1-19-1.5~~ or the provisions of IC 21-2-11-8.
- 29 (c) The school corporation shall deposit the proceeds of the tax
 30 imposed under subsection (b) in a fund to be known as the art
 31 association fund. The art association fund is separate and distinct from
 32 the school corporation's general fund and may be used only for the
 33 purpose of providing funds for an art association under this section.
 34 The governing body of the school corporation may annually
 35 appropriate the money in the fund to be paid in semiannual installments
 36 to an art association having facilities in a city that is listed in subsection
 37 (a), subject to subsection (d).
- 38 (d) Before an art association may receive payments under this
 39 section, its governing board must adopt a resolution that entitles:
- 40 (1) the governing body of the school corporation to appoint its
 41 superintendent and its director of art instruction as visitors, with
 42 the privilege of attending all meetings of the association's
 43 governing board;
 44 (2) the governing body of the school corporation to nominate
 45 persons for membership on the association's governing board,
 46 with at least two (2) of the nominees to be elected;

- 1 (3) the school corporation to use any of the association's facilities
- 2 and equipment for educational purposes consistent with the
- 3 association's purposes;
- 4 (4) the students and teachers of the school corporation to tour the
- 5 association's museum and galleries free of charge;
- 6 (5) the school corporation to borrow materials from the
- 7 association for temporary exhibit in the schools;
- 8 (6) the teachers of the school corporation to receive normal
- 9 instruction in the fine and applied arts at half the regular rates
- 10 charged by the association; and
- 11 (7) the school corporation to expect such exhibits in the
- 12 association's museum as will supplement the work of the
- 13 students and teachers of the corporation.

14 A copy of the resolution, certified by the president and secretary of the
 15 association, must be filed in the office of the school corporation before
 16 payments may be received.

17 (e) A resolution filed under subsection (d) need not be renewed
 18 from year to year but continues in effect until rescinded. An art
 19 association that complies with this section is entitled to continue to
 20 receive payments under this section as long as it so complies.

21 (f) Whenever more than one (1) art association in a city that is
 22 listed in subsection (a) qualifies to receive payments under this section,
 23 the governing body of the school corporation shall select the one (1) art
 24 association best qualified to perform the services described by
 25 subsection (c). A school corporation may select only one (1) art
 26 association to receive payments under this section.

27 SECTION 70. IC 20-5-17.5-3 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE MARCH 1, 2002]: Sec. 3. (a) This section
 29 applies to school corporations in a county containing a city having a
 30 population of:

- 31 (1) more than one hundred fifty thousand (150,000) but less than
- 32 five hundred thousand (500,000);
- 33 (2) more than one hundred twenty thousand (120,000) but less
- 34 than one hundred fifty thousand (150,000);
- 35 (3) more than one hundred ten thousand (110,000) but less than
- 36 one hundred twenty thousand (120,000);
- 37 (4) more than ninety thousand (90,000) but less than one
- 38 hundred ten thousand (110,000); or
- 39 (5) more than seventy-five thousand (75,000) but less than
- 40 ninety thousand (90,000).

41 (b) In order to provide funding for an art association under this
 42 section, the governing body of a school corporation may impose a tax
 43 of not more than five-tenths of one cent (\$.005) on each one hundred
 44 dollars (\$100) of assessed valuation in the school corporation. This tax
 45 is not subject to ~~the tax levy limitations imposed on the school~~
 46 ~~corporation by IC 6-1.1-19-1.5~~ or the provisions of IC 21-2-11-8.

1 (c) The school corporation shall deposit the proceeds of the tax
 2 imposed under subsection (b) in a fund to be known as the art
 3 association fund. The art association fund is separate and distinct from
 4 the school corporation's general fund and may be used only for the
 5 purpose of providing funds for an art association under this section.
 6 The governing body of the school corporation may annually
 7 appropriate the money in the fund to be paid in semiannual installments
 8 to an art association having facilities in a city that is listed in subsection
 9 (a), subject to subsection (d).

10 (d) Before an art association may receive payments under this
 11 section, its governing board must adopt a resolution that entitles:

12 (1) the governing body of the school corporation to appoint its
 13 superintendent and its director of art instruction as visitors, with
 14 the privilege of attending all meetings of the association's
 15 governing board;

16 (2) the governing body of the school corporation to nominate
 17 persons for membership on the association's governing board,
 18 with at least two (2) of the nominees to be elected;

19 (3) the school corporation to use any of the association's facilities
 20 and equipment for educational purposes consistent with the
 21 association's purposes;

22 (4) the students and teachers of the school corporation to tour the
 23 association's museum and galleries free of charge;

24 (5) the school corporation to borrow materials from the
 25 association for temporary exhibit in the schools;

26 (6) the teachers of the school corporation to receive normal
 27 instruction in the fine and applied arts at half the regular rates
 28 charged by the association; and

29 (7) the school corporation to expect such exhibits in the
 30 association's museum as will supplement the work of the
 31 students and teachers of the corporation.

32 A copy of the resolution, certified by the president and secretary of the
 33 association, must be filed in the office of the school corporation before
 34 payments may be received.

35 (e) A resolution filed under subsection (d) need not be renewed
 36 from year to year but continues in effect until rescinded. An art
 37 association that complies with this section is entitled to continue to
 38 receive payments under this section as long as it so complies.

39 (f) Whenever more than one (1) art association in a city that is
 40 listed in subsection (a) qualifies to receive payments under this section,
 41 the governing body of the school corporation shall select the one (1) art
 42 association best qualified to perform the services described by
 43 subsection (c). A school corporation may select only one (1) art
 44 association to receive payments under this section.

45 SECTION 71. IC 20-5-62-6 IS AMENDED TO READ AS
 46 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 6. Except as

1 provided in this chapter and notwithstanding any other law, a freeway
 2 school corporation or a freeway school may do the following during the
 3 contract period:

4 (1) Disregard the observance of any statute or rule that is listed
 5 in the contract.

6 (2) Lease school transportation equipment to others for
 7 nonschool use when the equipment is not in use for a school
 8 corporation purpose, if the lessee has not received a bid from a
 9 private entity to provide transportation equipment or services for
 10 the same purpose.

11 (3) Replace the budget and accounting system that is required by
 12 law with a budget or accounting system that is frequently used
 13 in the private business community. The state board of accounts
 14 may not go beyond the requirements imposed upon the state
 15 board of accounts by statute in reviewing the budget and
 16 accounting system used by a freeway school corporation or a
 17 freeway school.

18 (4) Establish a professional development and technology fund to
 19 be used for:

20 (A) professional development; or

21 (B) technology, including video distance learning.

22 (5) Transfer funds obtained from sources other than state or local
 23 government taxation among any accounts of the school
 24 corporation, including a professional development and
 25 technology fund established under subdivision (4).

26 (6) Transfer funds obtained from property taxation and from
 27 state distributions among the general fund (established under
 28 IC 21-2-11) and the school transportation fund (established
 29 under IC 21-2-11.5). ~~subject to the following:~~

30 ~~(A) The sum of the property tax rates for the general fund~~
 31 ~~and the school transportation fund after a transfer occurs~~
 32 ~~under this subdivision may not exceed the sum of the~~
 33 ~~property tax rates for the general fund and the school~~
 34 ~~transportation fund before a transfer occurs under this~~
 35 ~~subdivision.~~

36 ~~(B) However,~~ this subdivision does not allow a school
 37 corporation to transfer to any other fund money from the:

38 ~~(i) (A) capital projects fund (established under IC 21-2-15);~~
 39 or

40 ~~(ii) (B) debt service fund (established under IC 21-2-4).~~

41 (7) Establish a locally adopted assessment program to replace
 42 the assessment of students under the ISTEP program established
 43 under IC 20-10.1-16-8, subject to the following:

44 (A) A locally adopted assessment program must be
 45 established by the governing body and approved by the
 46 department.

- 1 (B) A locally adopted assessment program may use a locally
 2 developed test or a nationally developed test.
- 3 (C) Results of assessments under a locally adopted
 4 assessment program are subject to the same reporting
 5 requirements as results under the ISTEP program.
- 6 (D) Each student who completes a locally adopted
 7 assessment program and the student's parent or guardian has
 8 the same rights to inspection and rescoring as are set forth
 9 in IC 20-10.1-16-7(d).
- 10 SECTION 72. IC 20-8.1-6.1-8 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8.(a) As used in
 12 this section, the following terms have the following meanings:
- 13 (1) "Class of school" refers to a classification of each school or
 14 program in the transferee corporation by the grades or special
 15 programs taught at the school. Generally, these classifications
 16 are denominated as kindergarten, elementary school, middle
 17 school or junior high school, high school, and special schools or
 18 classes, such as schools or classes for special education,
 19 vocational training, or career education.
- 20 (2) "ADM" means the following:
- 21 (A) For purposes of allocating to a transfer student state
 22 distributions under IC 21-1-30 (primetime), "ADM" as
 23 computed under IC 21-1-30-2.
- 24 (B) For all other purposes, "ADM" as set forth in
 25 IC 21-3-1.6-1.1.
- 26 (3) "Pupil enrollment" means the following:
- 27 (A) The total number of students in kindergarten through
 28 grade 12 who are enrolled in a transferee school corporation
 29 on a date determined by the Indiana state board of
 30 education.
- 31 (B) The total number of students enrolled in a class of
 32 school in a transferee school corporation on a date
 33 determined by the Indiana state board of education.
- 34 However, a kindergarten student shall be counted under clauses
 35 (A) and (B) as one-half (1/2) a student.
- 36 (4) "Special equipment" means equipment that during a school
 37 year:
- 38 (A) is used only when a child with disabilities is attending
 39 school;
- 40 (B) is not used to transport a child to or from a place where
 41 the child is attending school;
- 42 (C) is necessary for the education of each child with
 43 disabilities that uses the equipment, as determined under the
 44 individualized instruction program for the child; and
- 45 (D) is not used for or by any child who is not a child with
 46 disabilities.

1 The Indiana state board of education may select a different date for
 2 counts under subdivision (3). However, the same date shall be used for
 3 all school corporations making a count for the same class of school.

4 (b) Each transferee corporation is entitled to receive for each
 5 school year on account of each transferred student, except a student
 6 transferred under section 3 of this chapter, transfer tuition from the
 7 transferor corporation or the state as provided in this chapter. Transfer
 8 tuition equals the amount determined under STEP THREE of the
 9 following formula:

10 STEP ONE: Allocate to each transfer student the capital
 11 expenditures for any special equipment used by the transfer
 12 student and a proportionate share of the operating costs incurred
 13 by the transferee school for the class of school where the transfer
 14 student is enrolled.

15 STEP TWO: If the transferee school included the transfer
 16 student in the transferee school's ADM for a school year, allocate
 17 to the transfer student a proportionate share of the following
 18 general fund revenues of the transferee school for, except as
 19 provided in clause (C), the calendar year in which the school
 20 year ends:

21 (A) The following state distributions that are computed in
 22 any part using ADM or other pupil count in which the
 23 student is included:

24 (i) Primetime grant under IC 21-1-30.

25 (ii) Tuition support for basic programs and at-risk
 26 weights under IC 21-3-1.7-8 (before January 1, 1996)
 27 and only for basic programs (after December 31,
 28 1995).

29 (iii) Enrollment growth grant under IC 21-3-1.7-9.5.

30 (iv) At-risk grant under IC 21-3-1.7-9.7.

31 (v) Academic honors diploma award under
 32 IC 21-3-1.7-9.8.

33 (vi) Vocational education grant under IC 21-3-1.8-3.

34 (vii) Special education grant under IC 21-3-1.8
 35 (repealed January 1, 1996) or IC 21-3-10.

36 (viii) The portion of the ADA flat grant that is
 37 available for the payment of general operating
 38 expenses under IC 21-3-4.5-2(b)(1).

39 (B) For school years beginning after June 30, 1997,
 40 property tax levies.

41 (C) For school years beginning after June 30, 1997, excise
 42 tax revenue (as defined in IC 21-3-1.7-2) received for
 43 deposit in the calendar year in which the school year begins.

44 (D) For school years beginning after June 30, 1997,
 45 allocations to the transferee school under IC 6-3.5.

46 STEP THREE: Determine the greater of:

- 1 (A) zero (0); or
 2 (B) the result of subtracting the STEP TWO amount from
 3 the STEP ONE amount.

4 If a child is placed in an institution or facility in Indiana under a court
 5 order, the institution or facility shall charge the county office of the
 6 county of the student's legal settlement under IC 12-19-7 for the use of
 7 the space within the institution or facility (commonly called capital
 8 costs) that is used to provide educational services to the child based
 9 upon a prorated per student cost.

10 (c) Operating costs shall be determined for each class of school
 11 where a transfer student is enrolled. The operating cost for each class
 12 of school is based on the total expenditures of the transferee
 13 corporation for the class of school from its general fund expenditures
 14 as specified in the classified budget forms prescribed by the state board
 15 of accounts. This calculation excludes:

- 16 (1) capital outlay;
 17 (2) debt service;
 18 (3) costs of transportation;
 19 (4) salaries of board members;
 20 (5) contracted service for legal expenses; and
 21 (6) any expenditure which is made out of the general fund from
 22 extracurricular account receipts;

23 for the school year.

24 (d) The capital cost of special equipment for a school year is equal
 25 to:

- 26 (1) the cost of the special equipment; divided by
 27 (2) the product of:
 28 (A) the useful life of the special equipment, as determined
 29 under the rules adopted by the Indiana state board of
 30 education; multiplied by
 31 (B) the number of students using the special equipment
 32 during at least part of the school year.

33 (e) When an item of expense or cost described in subsection (c)
 34 cannot be allocated to a class of school, it shall be prorated to all
 35 classes of schools on the basis of the pupil enrollment of each class in
 36 the transferee corporation compared to the total pupil enrollment in the
 37 school corporation.

38 (f) Operating costs shall be allocated to a transfer student for each
 39 school year by dividing:

- 40 (1) the transferee school corporation's operating costs for the
 41 class of school in which the transfer student is enrolled; by
 42 (2) the pupil enrollment of the class of school in which the
 43 transfer student is enrolled.

44 When a transferred student is enrolled in a transferee corporation for
 45 less than the full school year of pupil attendance, the transfer tuition
 46 shall be calculated by the portion of the school year for which the

1 transferred student is enrolled. A school year of pupil attendance
 2 consists of the number of days school is in session for pupil attendance.
 3 A student, regardless of the student's attendance, is enrolled in a
 4 transferee school unless the student is no longer entitled to be
 5 transferred because of a change of residence, the student has been
 6 excluded or expelled from school for the balance of the school year or
 7 for an indefinite period, or the student has been confirmed to have
 8 withdrawn from school. The transferor and the transferee corporation
 9 may enter into written agreements concerning the amount of transfer
 10 tuition due in any school year. Where an agreement cannot be reached,
 11 the amount shall be determined by the Indiana state board of education,
 12 and costs may be established, when in dispute, by the state board of
 13 accounts.

14 (g) A transferee school shall allocate revenues described in
 15 subsection (b) STEP TWO to a transfer student by dividing:

- 16 (1) the total amount of revenues received; by
- 17 (2) the ADM of the transferee school for the school year that
- 18 ends in the calendar year in which the revenues are received.

19 However, for state distributions under IC 21-1-30, IC 21-3-10, or any
 20 other statute that computes the amount of a state distribution using less
 21 than the total ADM of the transferee school, the transferee school shall
 22 allocate the revenues to the transfer student by dividing the revenues
 23 that the transferee school is eligible to receive in a calendar year by the
 24 pupil count used to compute the state distribution.

25 (h) In lieu of the payments provided in subsection (b), the
 26 transferor corporation or state owing transfer tuition may enter into a
 27 long term contract with the transferee corporation governing the
 28 transfer of students. This contract is for a maximum period of five (5)
 29 years with an option to renew, and may specify a maximum number of
 30 pupils to be transferred and fix a method for determining the amount
 31 of transfer tuition and the time of payment, which may be different
 32 from that provided in section 9 of this chapter.

33 (i) If the school corporation can meet the requirements of
 34 IC 21-1-30-5, it may negotiate transfer tuition agreements with a
 35 neighboring school corporation that can accommodate additional
 36 students. Agreements under this section may be for one (1) year or
 37 longer and may fix a method for determining the amount of transfer
 38 tuition or time of payment that is different from the method, amount,
 39 or time of payment that is provided in this section or section 9 of this
 40 chapter. A school corporation may not transfer a student under this
 41 section without the prior approval of the child's parent or guardian.

42 ~~(j) If a school corporation experiences a net financial impact with~~
 43 ~~regard to transfer tuition that is negative for a particular school year as~~
 44 ~~described in IC 6-1.1-19-5.1, the school corporation may appeal for an~~
 45 ~~excessive levy as provided under IC 6-1.1-19-5.1.~~

46 SECTION 73. IC 20-8.1-6.5-4 IS AMENDED TO READ AS

1 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 4. (a) Where a
 2 transfer is ordered to commence in a school year, where the transferor
 3 corporation has net additional costs over savings (on account of any
 4 transfer ordered) allocable to the calendar year in which the school year
 5 begins, and where the transferee corporation has no budgeted funds for
 6 such net additional costs, they may be recovered by one (1) or more of
 7 the following methods in addition to any other methods provided by
 8 applicable law:

9 (1) An emergency loan made pursuant to IC 20-5-4-6 to be paid,
 10 however, out of the debt service levy and fund, or a loan from
 11 any state fund made available therefor.

12 (2) An advance in such calendar year of state funds, which
 13 would otherwise become payable to the transferee corporation
 14 after such calendar year pursuant to applicable law.

15 (3) A grant or grants in such calendar year from any funds of the
 16 state made available therefor.

17 (b) The net additional costs shall be certified by the state board of
 18 tax commissioners. ~~and any grant shall be made solely after affirmative~~
 19 ~~recommendation of the tax control board created by IC 6-1.1-19-4.1.~~
 20 ~~Repayment of any advance or loan from the state shall be made in~~
 21 ~~accordance with IC 6-1.1-19-4.5(d). The use of any of the methods~~
 22 ~~enumerated above shall not subject the transferor corporation to the~~
 23 ~~provisions of IC 6-1.1-19-4.7.~~

24 SECTION 74. IC 20-8.1-6.5-9 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. ~~Transportation~~
 26 ~~Costs } State Reimbursement.~~ Transportation costs for transferred
 27 students for each calendar year or for capital outlay and for operations
 28 shall be reimbursed by the state to the transferor corporation in the
 29 same percent of the total outlay which the distributions to the transferor
 30 corporation under IC 1971, 21-3-1.5-3, or from the state flat grant
 31 distribution account where it is credited to the **general transportation**
 32 fund constitute of its total annual **general transportation** fund
 33 appropriations for such year. In this calculation there shall be excluded
 34 from **general transportation** fund appropriations capital outlay **and**
 35 debt service. ~~and any expenditure which is made out of the general~~
 36 ~~fund from extracurricular accounts. Any amount not thus reimbursed~~
 37 ~~and raised as part of the transferor corporation's general fund levy shall~~
 38 ~~constitute an increase in its base tax levy for such budget year, as~~
 39 ~~otherwise defined and as applied in IC 6-1.1-1-16. and IC 6-1.1-19.~~ In
 40 no event shall the state reimbursement for transportation operating
 41 expense to the transferor corporation be less than it would receive
 42 under applicable law without regard to this section.

43 SECTION 75. IC 20-8.1-7-18 IS AMENDED TO READ AS
 44 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 18. (a) Whenever
 45 the test required under section 17 of this chapter discloses that the
 46 hearing of any child is impaired and the child cannot be taught

1 advantageously in regular classes, the governing body of the school
 2 corporation shall provide appropriate remedial measures and
 3 correctional devices. The governing body shall advise the child's
 4 parents of the proper medical care, attention, and treatment needed.
 5 The governing body shall provide approved mechanical auditory
 6 devices and prescribe courses in lip reading by qualified, competent
 7 and approved instructors. The superintendent of public instruction and
 8 the head of the rehabilitative services bureau of the division of
 9 disability, aging, and rehabilitative services shall cooperate with school
 10 corporations to provide this assistance; they shall also provide advice
 11 and information to assist school corporations in complying with this
 12 section. The local governing body may adopt rules and regulations for
 13 the administration of this section.

14 (b) Each school corporation may receive and accept bequests and
 15 donations for immediate use or as trusts or endowments to assist in
 16 meeting costs and expenses incurred in complying with the
 17 requirements of this section. When funds for the full payment of these
 18 expenses are not otherwise available, in any school corporation, any
 19 unexpended balance in the state treasury which is available for the use
 20 of local schools and is otherwise unappropriated may be loaned to the
 21 school corporation for that purpose by the governor. Any loan made by
 22 the governor under this section shall be repaid to the fund in the state
 23 treasury from which it came within two (2) years after the date it was
 24 advanced. These loans shall be repaid ~~through the levying of taxes in~~
 25 ~~the borrowing from any funds available to the~~ school corporation. **If**
 26 **the advance is not repaid, the amount due may be withheld from**
 27 **the distribution of other state funds to the school corporation to**
 28 **which the advance is made.**

29 SECTION 76. IC 20-9.1-1-3 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. ~~Definition;~~
 31 ~~"Private School":~~ As used in this article, the term "private school"
 32 means any school ~~which is not supported and maintained by funds~~
 33 ~~realized from the imposition of a tax on property, income or sales: that~~
 34 **is not a school corporation (as defined in IC 36-1-2-17).**

35 SECTION 77. IC 20-10.1-6.5-1 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this
 37 chapter:

38 "Advancement fund" refers to the school technology advancement
 39 account as created under section 4 of this chapter.

40 "Board" refers to the **Indiana** state board of education established
 41 under IC 20-1-1-1.

42 "School corporation" ~~means any corporation authorized by law to~~
 43 ~~establish public schools and levy taxes for their maintenance: has the~~
 44 **meaning set forth in IC 36-1-2-17.**

45 SECTION 78. IC 21-1-1-54 IS AMENDED TO READ AS
 46 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 54. The auditor

1 of each county shall, semiannually, on the second Monday of July and
 2 on the last Monday in January make apportionment of the school
 3 revenue to which his county is entitled to the several townships and
 4 incorporated towns and cities of the county; which apportionment shall
 5 be paid to the school treasurer of each township and incorporated town
 6 and city by the county treasurer. In making the apportionment and
 7 distribution thereof, the auditor shall ascertain the amount of the
 8 congressional township school revenue belonging to each city, town,
 9 or township, and shall apportion the other school revenue so as to
 10 equalize the amount of available school revenue for tuition to each city,
 11 town, and township, as near as may be, according to the enumeration
 12 of children therein, and report the amount apportioned to the
 13 superintendent of public instruction, verified by affidavit; however, in
 14 no case shall the income of the congressional township school fund
 15 belonging to any congressional township, or part of such township, be
 16 diminished by such apportionment, or diverted or distributed to any
 17 other township. In making the apportionment and distribution of the
 18 state tuition revenues apportioned to the county by the superintendent
 19 of public instruction, in case any school corporation shall not have
 20 expended for tuition purposes in any school year an amount as great as
 21 the amount of state tuition revenue apportioned and distributed to said
 22 corporation by the auditor for said school year, then it shall be the duty
 23 of the auditor, at the first apportionment after the annual report of the
 24 receipts and expenditures of said school corporation shall have been
 25 filed with the county commissioners, to deduct from the whole amount
 26 of state tuition revenue apportioned to said school corporation an
 27 amount equal to the difference between the amount of state tuition
 28 revenue apportioned and distributed to said school corporation for use
 29 in such school year and the whole amount shown by such annual report
 30 to have been actually expended for tuition purposes, and there shall be
 31 paid to the treasurer of said school corporation the sum remaining after
 32 such amount shall have been deducted, and the county auditor shall
 33 include all such deductions in his report to the state superintendent of
 34 public instruction as tuition revenue collected in his county and ready
 35 for distribution at the next apportionment. ~~Funds arising from the local
 36 tuition tax shall not be considered in making the deductions provided
 37 for in this section, nor included in the report to the state superintendent
 38 of public instruction.~~

39 SECTION 79. IC 21-1-5-9 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. (a) Priority of
 41 advances for school building construction programs shall be made to
 42 school corporations and school townships which have the least amount
 43 of ~~adjusted~~ assessed valuation per pupil in average daily attendance.

44 (b) Priority of advances for educational technology programs shall
 45 be on whatever basis the Indiana state board of education, after
 46 consulting with the department of education and the budget agency,

1 periodically determines.

2 SECTION 80. IC 21-1-11-2 IS AMENDED TO READ AS
 3 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. (a) The state
 4 board of education is authorized, subject to the provisions of this
 5 chapter, to order and direct the auditor of state to divert and make an
 6 advancement periodically from the state school tuition fund for the
 7 construction, remodeling, or repair of school buildings to any school
 8 corporation or school organized and existing under and pursuant to any
 9 law of the state of Indiana for the operation of a public school which is
 10 a part of the common school system of the state. An advancement to
 11 any school or school corporation under section 3 of this chapter shall
 12 not be in excess of two hundred fifty thousand dollars (\$250,000).
 13 However, this dollar limitation is waived if:

- 14 (1) the school corporation has an ~~adjusted~~ assessed valuation per
 15 pupil ADA of less than eight thousand four hundred dollars
 16 (\$8,400);
 17 (2) the school corporation's debt service tax rate would exceed
 18 three dollars (\$3) for each one hundred dollars (\$100) of
 19 assessed valuation without a waiver of the dollar limitation; and
 20 (3) the ~~school property tax control board recommends a waiver~~
 21 **of state board of tax commissioners waives** the limitation.

22 (b) All advancements shall be made by the state board of
 23 education only as set forth in this chapter. In no instance shall an
 24 advancement be made for any purpose other than the construction,
 25 remodeling, or repairing of school buildings and classrooms and shall
 26 not be made for gymnasiums, auditoriums, or any athletic facilities.

27 SECTION 81. IC 21-1-11-2 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE MARCH 1, 2002]: Sec. 2. (a) The state
 29 board of education is authorized, subject to the provisions of this
 30 chapter, to order and direct the auditor of state to divert and make an
 31 advancement periodically from the state school tuition fund for the
 32 construction, remodeling, or repair of school buildings to any school
 33 corporation or school organized and existing under and pursuant to any
 34 law of the state of Indiana for the operation of a public school which is
 35 a part of the common school system of the state. An advancement to
 36 any school or school corporation under section 3 of this chapter shall
 37 not be in excess of two hundred fifty thousand dollars (\$250,000).
 38 However, this dollar limitation is waived if:

- 39 (1) the school corporation has an adjusted assessed valuation per
 40 pupil ADA of less than eight thousand four hundred dollars
 41 (\$8,400);
 42 (2) the school corporation's debt service tax rate would exceed
 43 one dollar (\$1) for each one hundred dollars (\$100) of assessed
 44 valuation without a waiver of the dollar limitation; and
 45 (3) the ~~school property tax control board recommends a waiver~~
 46 **of state board of tax commissioners waives** the limitation.

1 (b) All advancements shall be made by the state board of
 2 education only as set forth in this chapter. In no instance shall an
 3 advancement be made for any purpose other than the construction,
 4 remodeling, or repairing of school buildings and classrooms and shall
 5 not be made for gymnasiums, auditoriums, or any athletic facilities.

6 SECTION 82. IC 21-2-3.1-1 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. This chapter
 8 applies if a township board finds, at an annual or special meeting of the
 9 board, that:

10 (1) it is necessary to provide for the construction of a school
 11 building; and

12 (2) the cost of the building, or the proportional cost if it is a joint
 13 graded high school building, will be in excess of the ~~sum~~
 14 **available from an annual levy: amount of available funds.**

15 SECTION 83. IC 21-2-5.6-3 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. Subject to the
 17 approval of the commissioner of the department of insurance, the
 18 governing body of the school corporation may:

19 (1) for eventual transfer to the self-insurance fund, include an
 20 amount of money in

21 ~~(A) the general fund budget; and~~

22 ~~(B) the general fund tax levy and rate;~~

23 (2) transfer monies from the general fund to the self-insurance
 24 fund; or

25 (3) appropriate monies from the general fund for the
 26 self-insurance fund.

27 SECTION 84. IC 21-2-11-2 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. The governing
 29 body of each school corporation in ~~the state of~~ Indiana shall establish
 30 a general fund for the operation and maintenance of local schools. ~~and~~
 31 **After December 31, 1998, a school corporation may not impose a**
 32 **property tax** levy a tax therefor: **for the general fund or the**
 33 **repayment of a loan or other obligation from the general fund.** All
 34 receipts and disbursements heretofore authorized by law for school
 35 funds ~~and tax levies~~ for the tuition fund, special school fund, special
 36 fund, vocational fund, recreation fund, compulsory education fund,
 37 school library fund, high school library fund, public employee's
 38 retirement fund, operating fund, transportation tax and county wide
 39 school tax shall, on and after January 1, 1968, be received in and
 40 disbursed from the general fund. ~~Tax levy and rate for the general fund~~
 41 ~~shall be established by the governing body of each school corporation~~
 42 ~~for the 1968 calendar year and all succeeding calendar years. Any~~
 43 ~~balances of all the aforesaid funds on January 1, 1968 shall be~~
 44 ~~transferred to the general fund.~~

45 SECTION 85. IC 21-2-11-4 IS AMENDED TO READ AS
 46 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 4. (a) **This**

1 **section does not authorize the levy of a property tax for**
 2 **expenditures from a school general fund.**

3 (b) Any lawful school expenses payable from any other fund of the
 4 school corporation, including without limitation debt service and
 5 capital outlay, but excluding costs attributable to transportation as
 6 defined in IC 21-2-11.5-2, may be budgeted in and paid from the
 7 general fund. In addition, remuneration for athletic coaches (whether
 8 or not they are otherwise employed by the school corporation and
 9 whether or not they are licensed under IC 20-6.1-3) may be budgeted
 10 in and paid from the school corporation's general fund.

11 SECTION 86. IC 21-2-11-5 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 5. Any
 13 self-supporting programs maintained by any school corporation,
 14 including but not limited to school lunch and rental or sale of
 15 textbooks, may be established as separate funds, separate and apart
 16 from the general fund. ~~if no local tax rate is established therefor.~~

17 SECTION 87. IC 21-2-11.5-3.1 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3.1. (a) Before a
 19 governing body may collect property taxes for the school transportation
 20 fund's school bus replacement account in a particular calendar year, the
 21 governing body must, after January 1 and not later than September 20
 22 of the immediately preceding year for all years before 1999 and not
 23 later than January 31 for 1999 and all subsequent years:

- 24 (1) conduct a public hearing on; and
 25 (2) pass a resolution to adopt;
 26 a plan under this section.

27 (b) The state board of tax commissioners shall prescribe the format
 28 of the plan. A plan must apply to at least the ten (10) budget years
 29 immediately following the year the plan is adopted. A plan must at
 30 least include the following:

- 31 (1) An estimate for each year to which it applies of the nature
 32 and amount of proposed expenditures from the transportation
 33 fund's school bus replacement account.
 34 (2) A presumption that the minimum useful life of a school bus
 35 is not less than ten (10) years.
 36 (3) An identification of:
 37 (A) the source of all revenue to be dedicated to the
 38 proposed expenditures in the upcoming budget year; and
 39 (B) the amount of property taxes to be collected in that year
 40 and the unexpended balance to be retained in the account
 41 for expenditures proposed for a later year.
 42 (4) If the school corporation is seeking to:
 43 (A) acquire; or
 44 (B) contract for transportation services that will provide;
 45 additional school buses or school buses with a larger seating
 46 capacity as compared to the number and type of school buses

1 from the prior school year, evidence of a demand for increased
 2 transportation services within the school corporation. Clause (B)
 3 does not apply if contracted transportation services are not paid
 4 from the school bus replacement account.

5 (5) If the school corporation is seeking to:

6 (A) replace an existing school bus earlier than ten (10)
 7 years after the existing school bus was originally acquired;
 8 or

9 (B) require a contractor to replace a school bus;

10 evidence that the need exists for the replacement of the school
 11 bus. Clause (B) does not apply if contracted transportation
 12 services are not paid from the school bus replacement account.

13 (6) Evidence that the school corporation that seeks to acquire
 14 additional school buses under this section is acquiring or
 15 contracting for the school buses only for the purposes specified
 16 in subdivision (4) or for replacement purposes.

17 (c) After reviewing the plan, the state board of tax commissioners
 18 shall certify its approval, disapproval, or modification of the plan to the
 19 governing body and the auditor of the county. ~~The state board of tax~~
 20 ~~commissioners may seek the recommendation of the school property~~
 21 ~~tax control board with respect to this determination.~~ The action of the
 22 state board of tax commissioners with respect to the plan is final.

23 (d) The state board of tax commissioners may approve
 24 appropriations from the transportation fund's school bus replacement
 25 account only if the appropriations conform to a plan that has been
 26 adopted in compliance with this section.

27 (e) A governing body may amend a plan adopted under this
 28 section. When an amendment to a plan is required, the governing body
 29 must declare the nature of and the need for the amendment and must
 30 show cause as to why the original plan no longer meets the
 31 transportation needs of the school corporation. The governing body
 32 must then conduct a public hearing on and pass a resolution to adopt
 33 the amendment to the plan. The plan, as proposed to be amended, must
 34 comply with the requirements for a plan under subsection (b). This
 35 amendment to the plan is not subject to the deadline for adoption
 36 described in subsection (a). However, the amendment to the plan must
 37 be submitted to the state board of tax commissioners for its
 38 consideration and is subject to approval, disapproval, or modification
 39 in accordance with the procedures for adopting a plan set forth in this
 40 section.

41 (f) If a public hearing is scheduled under this section, the
 42 governing body shall publish a notice of the public hearing and the
 43 proposed plan or amendment to the plan in accordance with
 44 IC 5-3-1-2(b).

45 SECTION 88. IC 21-2-15-8 IS AMENDED TO READ AS
 46 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. After a hearing

1 upon the petition under section 7 of this chapter, the state board of tax
 2 commissioners shall certify its approval, disapproval, or modification
 3 of the plan to the governing body and the auditor of the county. ~~The~~
 4 ~~state board of tax commissioners may seek the recommendation of the~~
 5 ~~school property tax control board with respect to this determination.~~
 6 The action of the state board of tax commissioners with respect to the
 7 plan is final.

8 SECTION 89. IC 21-3-1.6-1.1 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1.1. As used in
 10 this chapter:

11 (a) "School corporation" means any local public school
 12 corporation established under Indiana law.

13 (b) "School year" means a year beginning July 1 and ending the
 14 next succeeding June 30.

15 (c) "State distribution" due a school corporation means the amount
 16 of state funds to be distributed to a school corporation in any calendar
 17 year under this chapter.

18 (d) "Average daily membership" or "ADM" of a school
 19 corporation means the number of eligible pupils enrolled in the school
 20 corporation or in a transferee corporation on a day to be fixed annually
 21 by the Indiana state board of education. Such day shall fall within the
 22 first thirty (30) days of the school term. If, however, extreme patterns
 23 of student in-migration, illness, natural disaster, or other unusual
 24 conditions in a particular school corporation's enrollment on the
 25 particular day thus fixed, cause the enrollment to be unrepresentative
 26 of the school corporation's enrollment throughout a school year, the
 27 Indiana state board of education may designate another day for
 28 determining the school corporation's enrollment. The Indiana state
 29 board of education shall monitor changes, which occur after the fall
 30 count, in the number of students enrolled in programs for children with
 31 disabilities and shall, before December 2 of that same year, make an
 32 adjusted count of students enrolled in programs for children with
 33 disabilities. The superintendent of public instruction shall certify the
 34 adjusted count to the budget committee before February 5 of the
 35 following year. In determining the ADM, each kindergarten pupil shall
 36 be counted as one-half (1/2) pupil. Where a school corporation
 37 commences kindergarten in a school year, the ADM of the current and
 38 prior calendar years shall be adjusted to reflect the enrollment of the
 39 kindergarten pupils. "Current ADM" of a school corporation used in
 40 computing its state distribution in a calendar year means the ADM of
 41 the school year ending in the calendar year. "ADM of the previous
 42 year" or "ADM of the prior year" of a school corporation used in
 43 computing its state distribution in a calendar year means the ADM of
 44 the school corporation for the school year ending in the preceding
 45 calendar year.

46 (e) "Additional count" of a school corporation, or comparable

1 language, means the aggregate of the additional counts of the school
 2 corporation for certain pupils as set out in section 3 of this chapter and
 3 as determined at the times for calculating ADM. "Current additional
 4 count" means the additional count of the school corporation for the
 5 school year ending in the calendar year. "Prior year additional count"
 6 of a school corporation used in computing its state distribution in a
 7 calendar year means the additional count of the school corporation for
 8 the school year ending in the preceding calendar year.

9 (f) "Adjusted assessed valuation" of any school corporation used
 10 in computing state distribution for a calendar year means the assessed
 11 valuation in the school corporation, adjusted as provided in
 12 IC 6-1.1-34. The amount of the valuation shall also be adjusted
 13 downward by the state board of tax commissioners to the extent it
 14 consists of real or personal property owned by a railroad or other
 15 corporation under the jurisdiction of a federal court under the federal
 16 bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation
 17 being involved in a bankruptcy proceeding the corporation is
 18 delinquent in payment of its Indiana real and personal property taxes
 19 for the year to which the valuation applies. If the railroad or other
 20 corporation in some subsequent calendar year makes payment of the
 21 delinquent taxes, then the state superintendent of public instruction
 22 shall prescribe adjustments in the distributions of state funds pursuant
 23 to this chapter as are thereafter to become due to a school corporation
 24 affected by the delinquency as will ensure that the school corporation
 25 will not have been unjustly enriched under the provisions of
 26 P.L.382-1987(ss).

27 (g) (f) "General fund" means a school corporation fund established
 28 under IC 21-2-11-2.

29 (h) (g) "Teacher" means every person who is required as a
 30 condition of employment by a school corporation to hold a teacher's
 31 license issued or recognized by the state, except substitutes and any
 32 person paid entirely from federal funds.

33 (i) (h) "Teacher ratio" of a school corporation used in computing
 34 state distribution in any calendar year means the ratio assigned to the
 35 school corporation pursuant to section 2 of this chapter.

36 (j) (i) "Eligible pupil" means a pupil enrolled in a school
 37 corporation if:

- 38 (1) the school corporation has the responsibility to educate the
 39 pupil in its public schools without the payment of tuition;
- 40 (2) subject to subdivision (5), the school corporation has the
 41 responsibility to pay transfer tuition under IC 20-8.1-6.1,
 42 because the pupil is transferred for education to another school
 43 corporation (the "transferee corporation");
- 44 (3) the pupil is enrolled in a school corporation as a transfer
 45 student under IC 20-8.1-6.1-3 or entitled to be counted for ADM
 46 or additional count purposes as a resident of the school

- 1 corporation when attending its schools under any other
 2 applicable law or regulation;
 3 (4) the state is responsible for the payment of transfer tuition to
 4 the school corporation for the pupil under IC 20-8.1-6.1; or
 5 (5) all of the following apply:
 6 (A) The school corporation is a transferee corporation.
 7 (B) The pupil does not qualify as a qualified pupil in the
 8 transferee corporation under subdivision (3) or (4).
 9 (C) The transferee corporation's attendance area includes a
 10 state licensed private or public health care facility, child
 11 care facility, or foster family home where the pupil was
 12 placed:
 13 (i) by or with the consent of the division of family and
 14 children;
 15 (ii) by a court order; or
 16 (iii) by a child placing agency licensed by the division
 17 of family and children.
- 18 ~~(k)~~ (k) "General fund budget" of a school corporation means the
 19 amount of the budget approved for a given year by the state board of
 20 tax commissioners and used by the state board of tax commissioners in
 21 certifying a school corporation's general fund tax levy and tax rate for
 22 the school corporation's general fund as provided for in IC 21-2-11.
- 23 SECTION 90. IC 21-3-1.7-3.1 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3.1.(a) As used
 25 in this chapter, "previous year revenue" for calculations with respect to
 26 a school corporation equals:
 27 (1) the school corporation's tuition support for regular programs,
 28 including basic tuition support, and excluding:
 29 (A) special education grants;
 30 (B) vocational education grants;
 31 (C) at-risk programs;
 32 (D) the enrollment adjustment grant; and
 33 (E) for 1999 and thereafter, the academic honors
 34 diploma award;
 35 for the year that precedes the current year; plus
 36 (2) **for 2000 only**, the school corporation's tuition support levy
 37 for the year that precedes the current year before the reductions
 38 required under section 5(1), 5(2), and 5(3) of this chapter; plus
 39 (3) the school corporation's excise tax revenue for the year that
 40 precedes the current year by two (2) years; minus
 41 (4) an amount equal to the reduction in the school corporation's
 42 tuition support under subsection (b) or IC 20-10.1-2-1, or both.
- 43 (b) A school corporation's previous year revenue shall be reduced
 44 if:
 45 (1) the school corporation's state tuition support for special or
 46 vocational education was reduced as a result of a complaint

1 being filed with the department of education after December 31,
 2 1988, because the school program overstated the number of
 3 children enrolled in special or vocational education programs;
 4 and

5 (2) the school corporation's previous year revenue has not been
 6 reduced under this subsection more than one (1) time because of
 7 a given overstatement.

8 The amount of the reduction equals the amount the school corporation
 9 would have received in tuition support for special and vocational
 10 education because of the overstatement.

11 SECTION 91. IC 21-3-1.7-8 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8.
 13 Notwithstanding IC 21-3-1.6 and subject to section 9 of this chapter,
 14 the state distribution for a calendar year for tuition support for basic
 15 programs for each school corporation equals the result determined
 16 using the following formula:

17 STEP ONE: Determine the greater of the following:

18 (A) The product of:

19 (i) the school corporation's target revenue per ADM;
 20 multiplied by

21 ~~(B)~~ (ii) the school corporation's adjusted current ADM.

22 (B) The product of:

23 (i) the school corporation's previous year revenue;
 24 multiplied by

25 (ii) one and three-hundredths (1.03).

26 STEP TWO: Determine the remainder of:

27 (A) the STEP ONE amount; minus

28 (B) ~~the sum of:~~

29 ~~(i) the school corporation's tuition support levy; plus~~

30 ~~(ii) the school corporation's excise tax revenue for the~~
 31 ~~year that precedes the current year by one (1) year.~~

32 ~~If the state tuition support determined for a school corporation under~~
 33 ~~this section is negative, the school corporation is not entitled to any~~
 34 ~~state tuition support. In addition, the school corporation's maximum~~
 35 ~~general fund levy under IC 6-1.1-19-1.5 shall be reduced by the amount~~
 36 ~~of the negative result. **Fifty percent (50%) of the amount distributed**~~
 37 ~~**under this section shall be treated as property tax revenues for the**~~
 38 ~~**purpose of calculating distributions under IC 6-5-10, IC 6-5-11,**~~
 39 ~~**IC 6-5.5, IC 6-6-5, and other laws. However, a school corporation**~~
 40 ~~**is not eligible for property tax replacement credit or homestead**~~
 41 ~~**credit distributions for money distributed under this section.**~~

42 **(b) This subsection applies if the elimination of the property**
 43 **tax levy under IC 21-2-11-2 adversely affects the holders of bonds**
 44 **or other contractual obligations that became payable from**
 45 **allocated tax proceeds in the allocation area created under the**
 46 **following before January 1, 1998, in a way that would create a**

- 1 reasonable expectation that the bonds or other contractual
- 2 obligations would not be paid when due:
- 3 IC 6-1.1-39-5
- 4 IC 8-22-3.5-9
- 5 IC 36-7-14-30
- 6 IC 36-7-14-32
- 7 IC 36-7-14-39
- 8 IC 36-7-14-41
- 9 IC 36-7-14-43
- 10 IC 36-7-14.5-12.5
- 11 IC 36-7-15.1-20
- 12 IC 36-7-15.1-22
- 13 IC 36-7-15.1-26
- 14 IC 36-7-15.1-29
- 15 IC 36-7-15.1-30
- 16 IC 36-7-30-25

17 **An allocation area that is located within the boundaries of a school**
 18 **corporation is eligible for a distribution of money that would**
 19 **otherwise be distributed to a school corporation under this section.**
 20 **The amount of the distribution is equal to the lesser of the amount**
 21 **necessary to pay the amount due in a calendar year to the holders**
 22 **of the bond or other contractual obligations or the amount**
 23 **determined under subsection (c).**

24 **(c) The maximum amount distributable to an allocation area**
 25 **in a school corporation is equal to the result determined under**
 26 **STEP THREE of the following formula:**

27 **STEP ONE: Determine the result of five-tenths (0.5)**
 28 **multiplied by the amount distributed to a school corporation**
 29 **in a calendar year under this section.**

30 **STEP TWO: Divide the STEP ONE result by the assessed**
 31 **valuation of tangible property in the area within the school**
 32 **corporation.**

33 **STEP THREE: Multiply the STEP TWO result by the**
 34 **assessed valuation attributable to the allocation area.**

35 **(d) Amounts distributable to an allocation under subsection (b)**
 36 **or (c) shall be distributed to the county auditor at the same time as**
 37 **other distributions are made under this chapter.**

38 SECTION 92. IC 21-4-20-1 IS AMENDED TO READ AS
 39 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. Whenever it is
 40 found by the board of school trustees or other proper authorities of any
 41 school city or school town that an emergency exists for the borrowing
 42 of money with which to meet the current expenses of the schools of
 43 such school town or school city, the board of school trustees or other
 44 proper authorities of such school city or school town may make
 45 temporary loans in anticipation of the current revenues of such school
 46 town or school city to an amount not exceeding fifty percent (50%) of

1 the **sum of the** amount of taxes actually levied and in the course of
 2 collection for the fiscal year in which such loans are made **and the**
 3 **amount of money that is distributed to the school corporation**
 4 **under IC 21-3-1.7-6.5 in the year in which the loans are made.**
 5 Revenues shall be deemed to be current and taxes shall be deemed to
 6 have been actually levied and in the course of collection when the
 7 budget levy and rate shall have been finally approved by the state board
 8 of tax commissioners. ~~Provided~~; However, ~~That~~ in all second and third
 9 class school cities, no such loans shall be borrowed in excess of the
 10 sum of twenty thousand dollars (\$20,000) until the letting of the same
 11 shall have been advertised once each week for two (2) successive
 12 weeks in two (2) newspapers of general circulation published in such
 13 school city, and until sealed bids have been submitted at a regular
 14 meeting of the school board of such school city, pursuant to such
 15 notices, stipulating the rate of interest to be charged by such bidder.
 16 ~~and Provided, further, That~~ Such school loans shall be made with the
 17 bidder submitting the lowest rate of interest and submitting with his bid
 18 an affidavit showing that no collusion exists between himself and any
 19 other bidder for such loan.

20 SECTION 93. IC 29-3-3-3 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. Except as
 22 otherwise determined in a dissolution of marriage proceeding, a
 23 custody proceeding, or in some other proceeding authorized by law,
 24 including a proceeding under section 6 of this chapter or another
 25 proceeding under this article, and unless a minor is married, the parents
 26 of the minor jointly (or the survivor if one (1) parent is deceased), if not
 27 an incapacitated person, have, without the appointment of a guardian,
 28 giving of bond, or order or confirmation of court, the right to custody
 29 of the person of the minor and the power to execute the following on
 30 behalf of the minor:

- 31 (1) Consent to the application of subsection (c) of Section 2032A
 32 of the Internal Revenue Code, which imposes personal liability
 33 for payment of the tax under that Section.
- 34 (2) Consent to the application of Section 6324A of the Internal
 35 Revenue Code, which attaches a lien to property to secure
 36 payment of taxes deferred under Section 6166 of the Internal
 37 Revenue Code.
- 38 (3) Any other consents, waivers, or powers of attorney provided
 39 for under the Internal Revenue Code.
- 40 (4) Waivers of notice permissible with reference to proceedings
 41 under IC 29-1.
- 42 (5) Consents, waivers of notice, or powers of attorney under any
 43 statute, including the Indiana inheritance tax law (IC 6-4.1), ~~the~~
 44 ~~Indiana gross income tax law (IC 6-2.1)~~; and the Indiana
 45 adjusted gross income tax law (IC 6-3).
- 46 (6) Consent to unsupervised administration as provided in

1 IC 29-1-7.5.

2 (7) Federal and state income tax returns.

3 (8) Consent to medical or other professional care, treatment, or
4 advice for the minor's health and welfare.

5 SECTION 94. IC 32-9-1.5-16 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 16. For purposes
7 of section 49 of this chapter, "political subdivision" includes any
8 Indiana municipality, county, civil township, civil incorporated city or
9 town, ~~public~~ school corporation (as defined in IC 36-1-2-17),
10 university or college supported in part by state funds, or any other
11 territorial subdivision of the state recognized or designated in any law,
12 including judicial circuits, a public utility entity not privately owned,
13 special taxing district or entity, and public improvement district
14 authority or entity authorized to levy taxes or assessments. The term
15 does not include any retirement system supported entirely or in part by
16 the state.

17 SECTION 95. IC 34-4-12.5-1 IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. (a) As used in
19 this chapter, "charitable entity" means any entity exempted ~~from the~~
20 ~~Indiana gross income tax~~ under ~~IC 6-2.1-3-20~~: IC 6-10.

21 (b) As used in this chapter, "food item" means any item which may
22 be ingested as a normal part of the human diet. The term includes food
23 that was prepared for serving by a food source but not served by the
24 food source.

25 (c) As used in this chapter, "food source" means any of the
26 following:

27 (1) A restaurant.

28 (2) A cafeteria.

29 (3) A hospital.

30 (4) A hotel.

31 (5) A caterer.

32 (6) A public or private school, college, or university.

33 (7) A fraternal organization or veterans organization.

34 (8) Any other person that prepares and serves food to individuals
35 in the ordinary course of that person's business.

36 (d) As used in this chapter, "person" means any of the following:

37 (1) An individual.

38 (2) A corporation.

39 (3) A partnership.

40 (4) An unincorporated association.

41 (5) The state (as defined in IC 34-4-16.5-2(g)).

42 (6) A political subdivision (as defined in IC 34-4-16.5-2(f)).

43 (7) Any other entity recognized by law.

44 SECTION 96. IC 36-1-2-2 IS AMENDED TO READ AS
45 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. "Bonds" means
46 any evidences of indebtedness, whether payable from property taxes,

1 revenues, or any other source. ~~but~~ **However, the term** does not include
 2 notes or warrants representing temporary loans that are payable out of:

3 (1) taxes levied and in the course of collection; or

4 (2) **other deposits in the general fund of a school corporation.**

5 SECTION 97. IC 36-7-15.1-26.9 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 26.9. (a) The
 7 definitions set forth in section 26.5 of this chapter apply to this section.

8 (b) The fiscal officer of the consolidated city shall publish in the
 9 newspaper in the county with the largest circulation all determinations
 10 made under section 26.5 or 26.7 of this chapter that result in the
 11 allowance or disallowance of credits. The publication of a
 12 determination made under section 26.5 of this chapter shall be made
 13 not later than June 20 of the year in which the determination is made.
 14 The publication of a determination made under section 26.7 of this
 15 chapter shall be made not later than December 5 of the year in which
 16 the determination is made.

17 (c) If credits are granted under section 26.5(g) or 26.5(h) of this
 18 chapter, whether in whole or in part, property taxes on personal
 19 property (as defined in IC 6-1.1-1-11) that are equal to the aggregate
 20 amounts of the credits for all taxpayers in the allocation area under
 21 section 26.5(g) and 26.5(h) of this chapter shall be:

22 (1) allocated to the redevelopment district;

23 (2) paid into the special fund for that allocation area; and

24 (3) used for the purposes specified in section 26 of this chapter.

25 (d) The county auditor shall adjust the estimate of assessed
 26 valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing
 27 units in which the allocation area is located. The county auditor may
 28 amend this adjustment at any time before the earliest date a taxing unit
 29 must publish the unit's proposed property tax rate under IC 6-1.1-17-3
 30 in the year preceding the year in which the credits under section
 31 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to
 32 the assessed valuation shall be:

33 (1) calculated to produce an estimated assessed valuation that
 34 will offset the effect that paying personal property taxes into the
 35 allocation area special fund under subsection (c) would
 36 otherwise have on the ability of a taxing unit to achieve the
 37 taxing unit's tax levy in the following year; and

38 (2) used by the county board of tax adjustment, the state board
 39 of tax commissioners, and each taxing unit in determining each
 40 taxing unit's tax rate and tax levy in the following year.

41 (e) The amount by which a taxing unit's levy is adjusted as a result
 42 of the county auditor's adjustment of assessed valuation under
 43 subsection (d), and the amount of the levy that is used to make direct
 44 payments to taxpayers under section 26.5(h) of this chapter, is not part
 45 of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to
 46 IC 6-1.1-20.

1 (f) The ad valorem property tax levy limits imposed by
 2 IC 6-1.1-18.5-3 and ~~IC 6-1.1-19-1.5~~ do not apply to ad valorem
 3 property taxes imposed that are used to offset the effect of paying
 4 personal property taxes into an allocation area special fund during the
 5 taxable year under subsection (d) or to make direct payments to
 6 taxpayers under section 26.5(h) of this chapter. For purposes of
 7 computing the ad valorem property tax levy limits imposed under
 8 IC 6-1.1-18.5-3, and ~~IC 6-1.1-19-1.5~~, a taxing unit's ad valorem
 9 property tax levy for a particular calendar year does not include that
 10 part of the levy imposed to offset the effect of paying personal property
 11 taxes into an allocation area special fund under subsection (d) or to
 12 make direct payments to taxpayers under section 26.5(h) of this
 13 chapter.

14 (g) Property taxes on personal property that are deposited in the
 15 allocation area special fund:

16 (1) are subject to any pledge of allocated property tax proceeds
 17 made by the redevelopment district under section 26(d) of this
 18 chapter, including but not limited to any pledge made to owners
 19 of outstanding bonds of the redevelopment district of allocated
 20 taxes from that area; and

21 (2) may not be treated as property taxes used to pay interest or
 22 principal due on debt under IC 6-1.1-21-2(g)(1)(D).

23 SECTION 98. THE FOLLOWING ARE REPEALED
 24 [EFFECTIVE JANUARY 1, 2000]: IC 6-1.1-19; IC 6-1.1-34; IC 6-2.1;
 25 IC 6-2.5-5-24; IC 6-2.5-6-14; IC 6-3-2-2.3; IC 6-3-2-2.4; IC 6-3-2-3.5;
 26 IC 6-3-2-13; IC 6-3-3-2; IC 6-3-4-14; IC 6-3-7-1; IC 6-3-8;
 27 IC 6-5-10-7; IC 6-5-12-3; IC 16-42-5-4; IC 21-2-12; IC 21-2-13;
 28 IC 21-2-14, IC 21-3-1.7-6.8.

29 SECTION 99. IC 21-3-1.7-5 IS REPEALED [EFFECTIVE
 30 JANUARY 1, 2001].

31 SECTION 100. [EFFECTIVE JULY 1, 1999] (a) For purposes
 32 of:

33 (1) IC 6-2.5-2-2, as amended by this act;

34 (2) IC 6-2.5-6-7, as amended by this act;

35 (3) IC 6-2.5-6-8, as amended by this act;

36 (4) IC 6-2.5-7-3, as amended by this act; and

37 (5) IC 6-2.5-7-5, as amended by this act;

38 all transactions, except the furnishing of public utility, telephone,
 39 or cable television services and commodities by retail merchants
 40 described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11, shall be
 41 considered as having occurred after June 30, 1999, to the extent
 42 that delivery of the property or services constituting selling at
 43 retail is made on or after that date to the purchaser or to the place
 44 of delivery designated by the purchaser. However, a transaction
 45 shall be considered as having occurred before July 1, 1999, to the
 46 extent that the agreement of the parties to the transaction was

1 entered into before May 1, 1999, and payment for the property or
 2 services furnished in the transaction is made before July 1, 1999,
 3 notwithstanding the delivery of the property or services after June
 4 30, 1999.

5 (b) With respect to a transaction constituting the furnishing of
 6 public utility, telephone, or cable television services and
 7 commodities, only transactions for which the charges are collected
 8 upon original statements and billings dated after July 1, 1999, shall
 9 be considered as having occurred after June 30, 1999.

10 (c) IC 6-3-2-1, as amended by this act, applies only to taxable
 11 years beginning after December 31, 1999.

12 (d) The legislative council shall provide for the introduction of
 13 legislation in the 2000 session of the general assembly, as needed,
 14 to change internal references, repeal obsolete provisions, and do
 15 any other act necessary or appropriate to bring the statutes into
 16 conformity with IC 21-2-11-2, as amended by this act.

17 (e) This SECTION expires July 1, 2001.

18 SECTION 101. [EFFECTIVE JANUARY 1, 1999
 19 (RETROACTIVE)]: (a) This SECTION applies to allocation areas
 20 created before January 1, 2000, under the following statutes:

21 IC 6-1.1-39-5

22 IC 8-22-3.5-9

23 IC 36-7-14-30

24 IC 36-7-14-32

25 IC 36-7-14-39

26 IC 36-7-14-41

27 IC 36-7-14-43

28 IC 36-7-14.5-12.5

29 IC 36-7-15.1-20

30 IC 36-7-15.1-22

31 IC 36-7-15.1-26

32 IC 36-7-15.1-29

33 IC 36-7-15.1-30

34 IC 36-7-30-25

35 (b) The governing body for an allocation area with the
 36 authority to obligate property taxes levied in an allocation area for
 37 the repayment of bonds or other contractual obligations may not
 38 after December 31, 1999, obligate property taxes levied for the
 39 general fund of a school corporation under IC 21-2-12, IC 21-2-13,
 40 or IC 21-2-14 to the repayment of the obligation.

41 (c) Notwithstanding the repeal of IC 21-2-14, a school
 42 corporation may continue to levy a property tax under IC 21-2-14
 43 as it existed on December 31, 1999, to repay obligations, including
 44 interest and other charges, incurred in conformity with IC 21-2-14
 45 before January 1, 2000, until the obligations have been repaid in
 46 full. IC 21-2-14 applies to a levy under this subsection to the same

- 1 **extent as if it had not been repealed.**
- 2 SECTION 102. [EFFECTIVE JANUARY 1, 2000] **IC 6-10, as**
- 3 **added by this act, applies only to taxable years beginning after**
- 4 **December 31, 1999."**
- 5 Renumber all SECTIONS consecutively.
(Reference is to ESB 198 as printed April 5, 1999.)

Representative Kruse