

HOUSE BILL No. 1458

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-12.1.

Synopsis: Tax abatement on fire service levies. Prohibits tax abatement of property taxes imposed for fire services, including pension, debt, and lease rental payments.

Effective: July 1, 1999; March 1, 2001.

Avery, Becker

January 19, 1999, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 111th General Assembly (1999)

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1458

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-12.1-4 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4. (a) Except as
3 provided in section 2(i)(4) of this chapter, the amount of the deduction
4 which the property owner is entitled to receive under section 3 of this
5 chapter for a particular year equals the product of:
6 (1) the increase in the assessed value resulting from the
7 rehabilitation or redevelopment; multiplied by
8 (2) the percentage prescribed in the table set forth in subsection
9 (d).
10 (b) The amount of the deduction determined under subsection (a)
11 shall be adjusted in accordance with this subsection in the following
12 circumstances:
13 (1) If a general reassessment of real property occurs within the
14 particular period of the deduction, the amount determined under
15 subsection (a)(1) shall be adjusted to reflect the percentage
16 increase or decrease in assessed valuation that resulted from the
17 general reassessment.

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1 (2) If an appeal of an assessment is approved that results in a
 2 reduction of the assessed value of the redeveloped or rehabilitated
 3 property, the amount of any deduction shall be adjusted to reflect
 4 the percentage decrease that resulted from the appeal.

5 **(3) Deductions for rehabilitation or redevelopment initially**
 6 **approved by a designating body after June 30, 1999, shall be**
 7 **reduced by the amount determined under STEP FIVE of the**
 8 **following formula:**

9 **STEP ONE: Determine the amount of the assessed value**
 10 **deduction under subsection (a).**

11 **STEP TWO: Determine the total tax rate applicable to the**
 12 **taxing district where the property eligible for the**
 13 **deduction is located.**

14 **STEP THREE: Determine the tax rate attributable to fire**
 15 **services, including pension, debt, and lease rental**
 16 **payments, and applicable to the taxing district where the**
 17 **property eligible for the deduction is located.**

18 **STEP FOUR: Divide the STEP THREE rate by the STEP**
 19 **TWO rate.**

20 **STEP FIVE: Multiply the STEP ONE result by the STEP**
 21 **FOUR result.**

22 The state board of tax commissioners shall adopt rules under IC 4-22-2
 23 to implement this subsection.

24 (c) Property owners who had an area designated an urban
 25 development area pursuant to an application filed prior to January 1,
 26 1979, are only entitled to the deduction for the first through the fifth
 27 years as provided in subsection (d)(3). In addition, property owners
 28 who are entitled to a deduction under this chapter pursuant to an
 29 application filed after December 31, 1978, and before January 1, 1986,
 30 are entitled to a deduction for the first through the tenth years, as
 31 provided in subsection (d)(3).

32 (d) The percentage to be used in calculating the deduction under
 33 subsection (a) is as follows:

34 (1) For deductions allowed over a three (3) year period:

35 YEAR OF DEDUCTION	PERCENTAGE
36 1st	100%
37 2nd	66%
38 3rd	33%

39 (2) For deductions allowed over a six (6) year period:

40 YEAR OF DEDUCTION	PERCENTAGE
41 1st	100%
42 2nd	85%



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1	3rd	66%
2	4th	50%
3	5th	34%
4	6th	17%
5	(3) For deductions allowed over a ten (10) year period:	
6	YEAR OF DEDUCTION	PERCENTAGE
7	1st	100%
8	2nd	95%
9	3rd	80%
10	4th	65%
11	5th	50%
12	6th	40%
13	7th	30%
14	8th	20%
15	9th	10%
16	10th	5%

17 SECTION 2. IC 6-1.1-12.1-4.1 (CURRENT VERSION) IS
 18 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]:

19 Sec. 4.1. (a) Section 4 of this chapter applies to economic revitalization
 20 areas that are not residentially distressed areas.

21 (b) This subsection applies to economic revitalization areas that are
 22 residentially distressed areas. The amount of the deduction that a
 23 property owner is entitled to receive under section 3 of this chapter for
 24 a particular year equals the lesser of:

25 (1) the assessed value of the improvement to the property after the
 26 rehabilitation or redevelopment has occurred; or

27 (2) the following amount:

28 TYPE OF DWELLING	AMOUNT
29 One (1) family dwelling	\$12,000
30 Two (2) family dwelling	\$17,000
31 Three (3) unit multifamily 32 dwelling	\$25,000
33 Four (4) unit multifamily 34 dwelling	\$32,000

35 (c) **Deductions for improvements initially approved by a**
 36 **designating body after June 30, 1999, shall be reduced by the**
 37 **amount determined under STEP FIVE of the following formula:**

38 **STEP ONE: Determine the amount of the assessed value**
 39 **deduction under subsection (b).**

40 **STEP TWO: Determine the total tax rate applicable to the**
 41 **taxing district where the property eligible for the deduction is**
 42 **located.**

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- 1 **STEP THREE: Determine the tax rate attributable to fire**
- 2 **services, including pension, debt, and lease rental payments,**
- 3 **and applicable to the taxing district where the property**
- 4 **eligible for the deduction is located.**
- 5 **STEP FOUR: Divide the STEP THREE rate by the STEP**
- 6 **TWO rate.**
- 7 **STEP FIVE: Multiply the STEP ONE result by the STEP**
- 8 **FOUR result.**

9 SECTION 3. IC 6-1.1-12.1-4.1 (DELAYED VERSION) IS
 10 AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1,
 11 2001]: Sec. 4.1. (a) Section 4 of this chapter applies to economic
 12 revitalization areas that are not residentially distressed areas.

13 (b) This subsection applies to economic revitalization areas that are
 14 residentially distressed areas. The amount of the deduction that a
 15 property owner is entitled to receive under section 3 of this chapter for
 16 a particular year equals the lesser of:

- 17 (1) the assessed value of the improvement to the property after the
- 18 rehabilitation or redevelopment has occurred; or
- 19 (2) the following amount:

20 TYPE OF DWELLING	AMOUNT
21 One (1) family dwelling	\$36,000
22 Two (2) family dwelling	\$51,000
23 Three (3) unit multifamily	
24 dwelling	\$75,000
25 Four (4) unit multifamily	
26 dwelling	\$96,000

27 (c) **Deductions for improvements initially approved by a**
 28 **designating body after June 30, 1999, shall be reduced by the**
 29 **amount determined under STEP FIVE of the following formula:**

- 30 **STEP ONE: Determine the amount of the assessed value**
- 31 **deduction under subsection (b).**
- 32 **STEP TWO: Determine the total tax rate applicable to the**
- 33 **taxing district where the property eligible for the deduction is**
- 34 **located.**
- 35 **STEP THREE: Determine the tax rate attributable to fire**
- 36 **services, including pension, debt, and lease rental payments,**
- 37 **and applicable to the taxing district where the property**
- 38 **eligible for the deduction is located.**
- 39 **STEP FOUR: Divide the STEP THREE rate by the STEP**
- 40 **TWO rate.**
- 41 **STEP FIVE: Multiply the STEP ONE result by the STEP**
- 42 **FOUR result.**

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1 SECTION 4. IC 6-1.1-12.1-4.5 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4.5. (a) For purposes
 3 of this section, "personal property" means personal property other than
 4 inventory (as defined in IC 6-1.1-3-11(a)).

5 (b) An applicant must provide a statement of benefits to the
 6 designating body. The applicant must provide the completed statement
 7 of benefits form to the designating body before the hearing specified in
 8 section 2.5(c) of this chapter or before the installation of the new
 9 manufacturing equipment for which the person desires to claim a
 10 deduction under this chapter. The state board of tax commissioners
 11 shall prescribe a form for the statement of benefits. The statement of
 12 benefits must include the following information:

13 (1) A description of the new manufacturing equipment that the
 14 person proposes to acquire.

15 (2) With respect to new manufacturing equipment not used to
 16 dispose of solid waste or hazardous waste by converting the solid
 17 waste or hazardous waste into energy or other useful products, an
 18 estimate of the number of individuals who will be employed or
 19 whose employment will be retained by the person as a result of
 20 the installation of the new manufacturing equipment and an
 21 estimate of the annual salaries of these individuals.

22 (3) An estimate of the cost of the new manufacturing equipment.

23 (4) With respect to new manufacturing equipment used to dispose
 24 of solid waste or hazardous waste by converting the solid waste
 25 or hazardous waste into energy or other useful products, an
 26 estimate of the amount of solid waste or hazardous waste that will
 27 be converted into energy or other useful products by the new
 28 manufacturing equipment.

29 With the approval of the state board of tax commissioners, the
 30 statement of benefits may be incorporated in a designation application.
 31 Notwithstanding any other law, a statement of benefits is a public
 32 record that may be inspected and copied under IC 5-14-3-3.

33 (c) The designating body must review the statement of benefits
 34 required under subsection (b). The designating body shall determine
 35 whether an area should be designated an economic revitalization area
 36 or whether the deduction shall be allowed, based on (and after it has
 37 made) the following findings:

38 (1) Whether the estimate of the cost of the new manufacturing
 39 equipment is reasonable for equipment of that type.

40 (2) With respect to new manufacturing equipment not used to
 41 dispose of solid waste or hazardous waste by converting the solid
 42 waste or hazardous waste into energy or other useful products,

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1 whether the estimate of the number of individuals who will be
 2 employed or whose employment will be retained can be
 3 reasonably expected to result from the installation of the new
 4 manufacturing equipment.

5 (3) Whether the estimate of the annual salaries of those
 6 individuals who will be employed or whose employment will be
 7 retained can be reasonably expected to result from the proposed
 8 installation of new manufacturing equipment.

9 (4) With respect to new manufacturing equipment used to dispose
 10 of solid waste or hazardous waste by converting the solid waste
 11 or hazardous waste into energy or other useful products, whether
 12 the estimate of the amount of solid waste or hazardous waste that
 13 will be converted into energy or other useful products can be
 14 reasonably expected to result from the installation of the new
 15 manufacturing equipment.

16 (5) Whether any other benefits about which information was
 17 requested are benefits that can be reasonably expected to result
 18 from the proposed installation of new manufacturing equipment.

19 (6) Whether the totality of benefits is sufficient to justify the
 20 deduction.

21 The designating body may not designate an area an economic
 22 revitalization area or approve the deduction unless it makes the
 23 findings required by this subsection in the affirmative.

24 (d) Except as provided in subsection (f), an owner of new
 25 manufacturing equipment whose statement of benefits is approved
 26 before May 1, 1991, is entitled to a deduction from the assessed value
 27 of that equipment for a period of five (5) years. Except as provided in
 28 subsections (f) and (i), an owner of new manufacturing equipment
 29 whose statement of benefits is approved after April 30, 1991, is entitled
 30 to a deduction from the assessed value of that equipment for a period
 31 of five (5) years or ten (10) years, as determined by the designating
 32 body under subsection (h). Except as provided in subsections (f) and
 33 (g) and in section 2(i)(3) of this chapter, the amount of the deduction
 34 that an owner is entitled to for a particular year equals the product of:

35 (1) the assessed value of the new manufacturing equipment in the
 36 year that the equipment is installed; multiplied by

37 (2) the percentage prescribed in the table set forth in subsection
 38 (e);

39 **as adjusted under subsection (j).**

40 (e) The percentage to be used in calculating the deduction under
 41 subsection (d) is as follows:

42 (1) For deductions allowed over a five (5) year period:

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1	YEAR OF DEDUCTION	PERCENTAGE
2	1st	100%
3	2nd	95%
4	3rd	80%
5	4th	65%
6	5th	50%
7	6th and thereafter	0%
8	(2) For deductions allowed over a ten (10) year period:	
9	YEAR OF DEDUCTION	PERCENTAGE
10	1st	100%
11	2nd	95%
12	3rd	90%
13	4th	85%
14	5th	80%
15	6th	70%
16	7th	55%
17	8th	40%
18	9th	30%
19	10th	25%
20	11th and thereafter	0%

(f) Notwithstanding subsections (d) and (e), a deduction under this section is not allowed in the first year the deduction is claimed for new manufacturing equipment to the extent that it would cause the assessed value of all of the personal property of the owner in the taxing district in which the equipment is located (excluding personal property that is assessed as construction in process) to be less than the assessed value of all of the personal property of the owner in that taxing district (excluding personal property that is assessed as construction in process) in the immediately preceding year.

(g) If a deduction is not fully allowed under subsection (f) in the first year the deduction is claimed, then the percentages specified in subsection (d) or (e) apply in the subsequent years to the amount of deduction that was allowed in the first year.

(h) The designating body shall determine whether a property owner whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. This determination shall be made:

- (1) as part of the resolution adopted under section 2.5 of this chapter; or
- (2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the state board of tax commissioners. A certified copy of the



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1 resolution shall be sent to the county auditor and the state board
2 of tax commissioners.

3 A determination about whether the deduction is for a period of five (5)
4 or ten (10) years that is made under subdivision (1) is final and may not
5 be changed by following the procedure under subdivision (2).

6 (i) The owner of new manufacturing equipment that is directly used
7 to dispose of hazardous waste is not entitled to the deduction provided
8 by this section for a particular assessment year if during that
9 assessment year the owner:

10 (1) is convicted of a violation under IC 13-7-13-3 (repealed),
11 IC 13-7-13-4 (repealed), or IC 13-30-6; or

12 (2) is subject to an order or a consent decree with respect to
13 property located in Indiana based on a violation of a federal or
14 state rule, regulation, or statute governing the treatment, storage,
15 or disposal of hazardous wastes that had a major or moderate
16 potential for harm.

17 **(j) Deductions for new manufacturing equipment initially**
18 **approved by a designating body after June 30, 1999, shall be**
19 **reduced by the amount determined under STEP FIVE of the**
20 **following formula:**

21 **STEP ONE: Determine the amount of the assessed value**
22 **deduction under subsection (d).**

23 **STEP TWO: Determine the total tax rate applicable to the**
24 **taxing district where the property eligible for the deduction is**
25 **located.**

26 **STEP THREE: Determine the tax rate attributable to fire**
27 **services, including pension, debt, and lease rental payments,**
28 **and applicable to the taxing district where the property**
29 **eligible for the deduction is located.**

30 **STEP FOUR: Divide the STEP THREE rate by the STEP**
31 **TWO rate.**

32 **STEP FIVE: Multiply the STEP ONE result by the STEP**
33 **FOUR result.**

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