

HOUSE BILL No. 1880

DIGEST OF INTRODUCED BILL

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

Synopsis: Local option education income tax. Establishes an optional school district education income tax that applies to individuals and to corporations that are subject to the supplemental net income tax. Provides that each school income tax district is comprised of the school corporations that have their budgets reviewed in the same county. Allows school corporations in a school income tax district to collectively impose an individual income tax at a rate of 0.5% or 1.0%. Includes a corporate school income tax at a rate of 0.5% or 1.0% applied to a corporation's supplemental net income, which is apportioned using the ratio of the corporation's assessed value of property in the county to the assessed value of all of the corporation's
(Continued next page)

Effective: Upon passage.

Oxley, Ruppel

January 26, 1999, read first time and referred to Committee on Ways and Means.

C
O
P
Y



Digest Continued

property in Indiana. Provides that the body that imposes the tax is comprised of the school boards of the school corporations in the school income tax district. Provides that the county auditor shall convene a meeting of the body to consider proposed ordinances. Uses the income tax revenue for property tax replacement credits. Provides that the property tax reduction does not affect the 20% property tax replacement credit paid by the state. Provides that for the purposes of computing and distributing excise taxes, distributions under the education income tax that are used as property tax replacement credits shall be treated as though the distributions were property taxes. Provides for the collection, administration, and distribution of the education income tax.

C
o
p
y



Introduced

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.

C
O
P
Y

HOUSE BILL No. 1880



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

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

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



- 1 homes made under IC 6-1.1-7.
- 2 (f) "Postabstract adjustments" means adjustments in taxes made
- 3 subsequent to the filing of an auditor's abstract which change
- 4 assessments therein or add assessments of omitted property affecting
- 5 taxes for such assessment year.
- 6 (g) "Total county tax levy" means the sum of:
- 7 (1) the remainder of:
- 8 (A) the aggregate levy of all taxes for all taxing units in a
- 9 county which are to be paid in the county for a stated
- 10 assessment year as reflected by the auditor's abstract for the
- 11 assessment year, adjusted, however, for any postabstract
- 12 adjustments which change the amount of the aggregate levy;
- 13 minus
- 14 (B) the sum of any increases in property tax levies of taxing
- 15 units of the county that result from appeals described in:
- 16 (i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed after
- 17 December 31, 1982; plus
- 18 (ii) the sum of any increases in property tax levies of taxing
- 19 units of the county that result from any other appeals
- 20 described in IC 6-1.1-18.5-13 filed after December 31,
- 21 1983; plus
- 22 (iii) IC 6-1.1-18.6-3 (children in need of services and
- 23 delinquent children who are wards of the county); minus
- 24 (C) the total amount of property taxes imposed for the stated
- 25 assessment year by the taxing units of the county under the
- 26 authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed),
- 27 IC 12-19-5, or IC 12-20-24; minus
- 28 (D) the total amount of property taxes to be paid during the
- 29 stated assessment year that will be used to pay for interest or
- 30 principal due on debt that:
- 31 (i) is entered into after December 31, 1983;
- 32 (ii) is not debt that is issued under IC 5-1-5 to refund debt
- 33 incurred before January 1, 1984; and
- 34 (iii) does not constitute debt entered into for the purpose of
- 35 building, repairing, or altering school buildings for which
- 36 the requirements of IC 20-5-52 were satisfied prior to
- 37 January 1, 1984; minus
- 38 (E) the amount of property taxes imposed in the county for the
- 39 stated assessment year under the authority of IC 21-2-6
- 40 (**repealed**) or any citation listed in IC 6-1.1-18.5-9.8 for a
- 41 cumulative building fund whose property tax rate was initially
- 42 established or reestablished for a stated assessment year that

C
O
P
Y

1 succeeds the 1983 stated assessment year; minus

2 (F) the remainder of:

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

9 (ii) the total property taxes imposed in the county for the
10 1984 stated assessment year under the authority of IC 21-2-6
11 **(repealed)** or any citation listed in IC 6-1.1-18.5-9.8 for a
12 cumulative building fund whose property tax rate was not
13 initially established or reestablished for a stated assessment
14 year that succeeds the 1983 stated assessment year; minus

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

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

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

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

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

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

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

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

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

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

35 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
36 STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE,
37 whichever is applicable, plus the part, if any, of the
38 township's ad valorem property tax levy for calendar year
39 1989 that represents increases in that levy that resulted from
40 an appeal described in IC 6-1.1-18.5-13(5) filed after
41 December 31, 1982; or

42 (ii) the amount of property taxes imposed in the township for

C
O
P
Y



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

C
O
P
Y

1 **school corporations in the county for the assessment year, as**
 2 **provided in IC 6-3.5-8.**

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

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

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

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

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

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

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

21 (1) the assessed value of all property of a corporation that is:
 22 (A) taxable under IC 6-1.1; and
 23 (B) located in the school income tax district; divided by
 24 (2) the assessed value of all property of the corporation that
 25 is:

26 (A) taxable under IC 6-1.1; and
 27 (B) located in Indiana.

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

31 **Sec. 5. As used in this chapter, "county auditor" refers to the**
 32 **auditor of the county in which the school corporation has its**
 33 **budget reviewed.**

34 **Sec. 6. As used in this chapter, "county treasurer" refers to the**
 35 **treasurer of the county in which the school corporation has its**
 36 **budget reviewed.**

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

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

42 **Sec. 9. As used in this chapter, "school corporation" means a**

C
O
P
Y



1 public school corporation established by Indiana law.

2 **Sec. 10. (a)** School income tax districts are established
3 throughout Indiana. Each district is composed of those school
4 corporations that have their budgets reviewed in the same county.
5 An education income tax council is established in each school
6 income tax district. The membership of each education income tax
7 council consists of the governing body of each school corporation
8 that is a member of the district.

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

- 11 (1) impose;
12 (2) rescind;
13 (3) increase; or
14 (4) decrease;

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

16 **Sec. 11.** Each education income tax council has a total of one
17 hundred (100) votes. Each member of the education income tax
18 council is allocated a percentage of the total one hundred (100)
19 votes that may be cast. The percentage that a school corporation
20 is allocated for a year equals the same percentage that the ADM of
21 the school corporation bears to the sum of each school
22 corporation's ADM for all school corporations in the school income
23 tax district. Before January 2 of each year, the county auditor shall
24 certify to each member of the education income tax council the
25 number of votes, rounded to the nearest one-hundredth (0.01), that
26 the member has for that year.

27 **Sec. 12. (a)** A member of an education income tax council may
28 exercise the member's votes by passing a resolution and
29 transmitting the resolution to the county auditor. However, in the
30 case of an ordinance to impose, rescind, increase, or decrease the
31 rate of the education income tax, the member must transmit the
32 resolution to the county auditor by the appropriate time described
33 in section 17, 18, or 19 of this chapter. The form of a resolution is
34 as follows:

35 "The _____ (name of the school corporation) casts its
36 _____ votes _____ (for or against) the proposed ordinance of
37 the _____ Education Income Tax Council, which reads
38 as follows:"

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

42 **Sec. 13.** Any member of an education income tax council may

C
O
P
Y



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

19 **Sec. 14. (a)** An education income tax council may pass only one
 20 (1) ordinance described in section 10(b)(1), 10(b)(2), 10(b)(3), or
 21 10(b)(4) of this chapter in one (1) year. When an ordinance
 22 described in section 10(b)(1), 10(b)(2), 10(b)(3), or 10(b)(4) of this
 23 chapter has been passed, the county auditor shall do the following:

24 (1) Cease distributing proposed ordinances of those types for
 25 the rest of the year.

26 (2) Withdraw from the membership any other proposed
 27 ordinances of those types.

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

30 (c) An education income tax council may not vote on and the
 31 county auditor may not distribute to the members of the education
 32 income tax council a proposed ordinance during a year if
 33 previously during the same year the county auditor received and
 34 distributed to the members of the education income tax council a
 35 proposed ordinance that, if adopted, would have substantially the
 36 same effect.

37 **Sec. 15. (a)** Before a member of an education income tax council
 38 may propose an ordinance or vote on a proposed ordinance, the
 39 member must hold a public hearing on the proposed ordinance and
 40 provide the public with notice of the time and place that the public
 41 hearing will be held.

42 (b) The notice required by subsection (a) must be given in

C
O
P
Y



1 accordance with IC 5-3-1.

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

4 "NOTICE OF
5 SCHOOL INCOME TAX DISTRICT
6 EDUCATION INCOME TAX
7 ORDINANCE VOTE

8 The board of the _____ (insert name of school
9 corporation) hereby declares that on _____ (insert date) at
10 ____ (insert the time of day) a public hearing will be held at
11 _____ (insert location) concerning the following resolution to
12 propose an ordinance (or consider a proposed ordinance) that is
13 before the members of the education income tax council. Members
14 of the public are invited to attend the hearing for the purpose of
15 expressing their views."

16 (Insert a copy of the proposed ordinance or the resolution to
17 propose an ordinance.)

18 Sec. 16. (a) An education income tax council may impose an
19 education income tax, which consists of a tax on the adjusted gross
20 income of individual taxpayers and on the apportioned
21 supplemental net income of corporations. If the tax is imposed, the
22 tax takes effect July 1 of the year that the ordinance imposing the
23 tax is adopted.

24 (b) The tax on individual taxpayers and on corporate taxpayers
25 may be imposed at a rate of:

- 26 (1) one-half of one percent (0.5%); or
27 (2) one percent (1%).

28 The rate applies to the adjusted gross income of county taxpayers
29 and the apportioned net income of corporate taxpayers. The rate
30 must be the same for individual taxpayers and for corporate
31 taxpayers.

32 Sec. 17. (a) To impose the education income tax, an education
33 income tax council must, after January 1 but before May 1 of a
34 year, adopt an ordinance. The ordinance must substantially state
35 the following:

36 "The _____ Education Income Tax Council imposes the
37 education income tax on the individual taxpayers and
38 corporate taxpayers of the _____ (insert name of county)
39 school income tax district. The education income tax consists
40 of an individual income tax and a corporate surtax. The
41 income tax is imposed at a rate of ____ percent (____%) on
42 the individual taxpayers and corporate taxpayers of the



C
O
P
Y

1 school income tax district. The income tax takes effect July 1
2 of this year."

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

5 Sec. 18. (a) An education income tax council may increase or
6 decrease the education income tax rate imposed on individual
7 taxpayers and corporate taxpayers. To increase or decrease the
8 rate, the education income tax council must, after January 1 but
9 before May 1 of a year, adopt an ordinance. The ordinance must
10 substantially state the following:

11 "The _____ Education Income Tax Council increases (or
12 decreases) the education income tax rate. The income tax rate
13 imposed upon the individual taxpayers and on corporate
14 taxpayers of the school income tax district is increased (or
15 decreased) from (insert current rate) to (insert proposed
16 rate). This education income tax rate increase (or decrease)
17 takes effect July 1 of this year for individual taxpayers. The
18 increased (or decreased) rate takes effect January 1 of next
19 year for corporate taxpayers."

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

22 Sec. 19. (a) The education income tax imposed by an education
23 income tax council under this chapter remains in effect until
24 rescinded.

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

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

30 Sec. 20. If the education income tax is not in effect during an
31 individual taxpayer's or a corporate taxpayer's entire taxable year,
32 the amount of education income tax that the taxpayer owes for that
33 taxable year equals the product of:

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

37 (2) a fraction. The numerator equals the number of days
38 during the taxpayer's taxable year that the education income
39 tax was in effect. The denominator equals the total number of
40 days in the taxpayer's taxable year.

41 Sec. 21. (a) If, for a particular taxable year, an individual
42 taxpayer is allowed, or an individual taxpayer and the individual

C
O
P
Y



1 taxpayer's spouse who file a joint return are allowed, a credit for
 2 the elderly or the totally disabled under Section 24 of the Internal
 3 Revenue Code (as defined in IC 6-3-1-11), the individual taxpayer
 4 is entitled, or the individual taxpayer and the individual taxpayer's
 5 spouse are entitled, to a credit against their education income tax
 6 liability for that same taxable year. The amount of the credit
 7 equals the lesser of the following:

8 (1) The product of:

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

11 (B) a fraction. The numerator is the education income tax
 12 rate imposed against the individual taxpayer or the
 13 individual taxpayer and the individual taxpayer's spouse.
 14 The denominator is fifteen-hundredths (0.15).

15 (2) The amount of education income tax imposed on the
 16 individual taxpayer or the individual taxpayer and the
 17 individual taxpayer's spouse.

18 (b) If an individual taxpayer and the individual taxpayer's
 19 spouse file a joint return and are subject to different education
 20 income tax rates for the same taxable year, they shall compute the
 21 credit under this section by using the formula provided in
 22 subsection (a), except that they shall use the average of the two (2)
 23 education income tax rates imposed against them as the numerator
 24 referred to in subsection (a)(1)(B).

25 Sec. 22. (a) A special account within the state general fund shall
 26 be established for each school income tax district adopting the
 27 education income tax. Revenue derived from the imposition of the
 28 education income tax by a school income tax district shall be
 29 deposited in that school income tax district's account in the state
 30 general fund.

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

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

36 Sec. 23. (a) Revenue derived from the imposition of the
 37 education income tax shall, in the manner prescribed by this
 38 section, be distributed to the county in which the budgets for the
 39 school corporations comprising the school income tax district are
 40 reviewed by the state board of tax commissioners. The amount to
 41 be distributed to a county during a calendar year equals the
 42 amount of education income tax revenue that the department, after



C
O
P
Y

1 reviewing the recommendation of the budget agency, estimates will
2 be received from the school income tax district during the twelve
3 (12) month period beginning July 1 of the immediately preceding
4 calendar year and ending June 30 of that calendar year.

5 (b) Before July 2 of each calendar year, the department, after
6 reviewing the recommendation of the budget agency, shall estimate
7 and certify to the county auditor of each adopting school income
8 tax district the amount of education income tax revenue that will
9 be collected from the school income tax district during the twelve
10 (12) month period beginning July 1 of the calendar year and
11 ending June 30 of the immediately succeeding calendar year. The
12 amount certified is the school income tax district's certified
13 distribution for the immediately succeeding calendar year. The
14 amount certified may be adjusted under subsection (c) or (d).

15 (c) The department may certify to an adopting school income
16 tax district an amount that is greater than the estimated twelve
17 (12) month revenue collection if the department, after reviewing
18 the recommendation of the budget agency, determines that there
19 will be a greater amount of revenue available for distribution from
20 the school income tax district's account established by section 22 of
21 this chapter.

22 (d) The department may certify an amount less than the
23 estimated twelve (12) month revenue collection if the department,
24 after reviewing the recommendation of the budget agency,
25 determines that a part of the revenue collection needs to be
26 distributed during the current calendar year so that the school
27 income tax district will receive the school income tax district's full
28 certified distribution for the current calendar year.

29 **Sec. 24. (a)** One-half (1/2) of each adopting school income tax
30 district's certified distribution for a calendar year shall be
31 distributed from the school income tax district's account
32 established by section 22 of this chapter to the appropriate county
33 treasurer before May 1 and the other one-half (1/2) shall be
34 distributed before November 1 of the calendar year.

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

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

41 **Sec. 25.** The certified distribution received by a county treasurer
42 shall be allocated as property tax replacement credits under

C
O
P
Y

1 section 26 of this chapter.

2 **Sec. 26. (a)** The county auditor shall distribute among the school
3 corporations of the school income tax district the school income tax
4 district's certified distribution for the calendar year. The amount
5 that the county auditor shall allocate to a school corporation for
6 property tax replacement credits is equal to the amount
7 determined under STEP THREE of the following formula:

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

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

13 **STEP THREE:** Multiply the STEP ONE amount by the STEP
14 TWO percentage.

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

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

21 **(2)** the amount determined in STEP THREE of the following
22 formula:

23 **STEP ONE:** Determine the property taxes collected for
24 each fund by the school corporation during that calendar
25 year.

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

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

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

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

41 **(d)** The state board of tax commissioners shall provide each
42 county auditor with the amount of property tax replacement

C
O
P
Y



1 credits that each school corporation in the auditor's school income
 2 tax district is entitled to receive. The county auditor shall then
 3 certify to each school corporation the amount of property tax
 4 replacement credits the school corporation is entitled to receive
 5 during that calendar year. The county auditor shall also certify the
 6 distributions to the county treasurer.

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

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

- 23 (1) maintains a residence, if the individual maintains only one
- 24 (1) residence in Indiana;
- 25 (2) if subdivision (1) does not apply, registers to vote;
- 26 (3) if subdivision (1) or (2) does not apply, registers the
- 27 individual's personal automobile; or
- 28 (4) if subdivision (1), (2), or (3) does not apply, spends the
- 29 majority of the individual's time in Indiana during the taxable
- 30 year in question.

31 (b) Whether an individual is an individual taxpayer is
 32 determined on January 1 of the calendar year in which the
 33 individual's taxable year commences. If an individual changes the
 34 location of the individual's residence to another school income tax
 35 district in Indiana during a calendar year, the individual's liability
 36 for education income tax is not affected.

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

- 40 (1) definitions;
- 41 (2) declarations of estimated tax;
- 42 (3) filing of returns;



C
O
P
Y

- 1 (4) remittances;
 2 (5) incorporation of the provisions of the Internal Revenue
 3 Code;
 4 (6) penalties and interest;
 5 (7) exclusion of military pay credits for withholding; and
 6 (8) exemptions and deductions;

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

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

12 (c) Each employer shall report to the department the amount of
 13 withholdings attributable to each school income tax district. This
 14 report shall annually be submitted with the employer's withholding
 15 report.

16 **Sec. 30. Before February 1 of each year, the department shall**
 17 **submit a report to each county treasurer indicating the balance in**
 18 **the school income tax district's education income tax account at the**
 19 **end of the preceding year. The county treasurer shall forward a**
 20 **copy of the report to each school corporation in the school income**
 21 **tax district.**

22 SECTION 3. IC 6-6-5-10 IS AMENDED TO READ AS FOLLOWS
 23 [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) The bureau shall
 24 establish procedures necessary for the collection of the tax imposed by
 25 this chapter and for the proper accounting for the same. The necessary
 26 forms and records shall be subject to approval by the state board of
 27 accounts.

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

35 (c) The county auditor shall determine the total amount of excise
 36 taxes collected for each taxing unit in the county and the amount so
 37 collected shall be apportioned and distributed among the respective
 38 funds of each taxing unit in the same manner and at the same time as
 39 property taxes are apportioned and distributed. **For the purposes of**
 40 **computing and distributing the excise taxes under this chapter,**
 41 **distributions under the education income tax under IC 6-3.5-8 that**
 42 **are used as property tax replacement credits shall be treated as**



C
O
P
Y

1 **though the distributions were property taxes that were due and**
2 **payable during that same calendar year.**

3 (d) Such determination shall be made from copies of vehicle
4 registration forms furnished by the bureau of motor vehicles. Prior to
5 such determination, the county assessor of each county shall, from
6 copies of registration forms, cause information pertaining to legal
7 residence of persons owning taxable vehicles to be verified from his
8 records, to the extent such verification can be so made. He shall further
9 identify and verify from his records the several taxing units within
10 which such persons reside.

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

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

C
o
p
y

