



January 22, 1999

SENATE BILL No. 166

DIGEST OF SB166 (Updated January 21, 1999 1:00 pm - DI 44)

Citations Affected: IC 6-3.5; noncode.

Synopsis: CEDIT revenue for library property tax replacement. Allows Hancock County to use county economic development income tax revenue for purposes of replacing public library property taxes.

Effective: Upon passage.

Gard

January 6, 1999, read first time and referred to Committee on Finance.
January 21, 1999, amended, reported favorably — Do Pass.

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January 22, 1999

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.

SENATE BILL No. 166

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 6-3.5-7-12 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) **Except as**
3 **provided in section 23 of this chapter**, the county auditor shall
4 distribute in the manner specified in this section the certified
5 distribution to the county.
6 (b) Except as provided in subsections (c) and (h) and section 15 of
7 this chapter, the amount of the certified distribution that the county and
8 each city or town in a county is entitled to receive during May and
9 November of each year equals the product of:
10 (1) the amount of the certified distribution for that month;
11 multiplied by
12 (2) a fraction. The numerator of the fraction equals the total
13 property taxes that are first due and payable to the county, city, or
14 town during the calendar year in which the month falls. The
15 denominator of the fraction equals the total property taxes that are
16 first due and payable to the county and all cities and towns of the
17 county during the calendar year in which the month falls.

SB 166—LS 6654/DI 73+



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1 (c) This subsection applies to a county council or county income tax
 2 council that imposes a tax under this chapter after June 1, 1992. The
 3 body imposing the tax may adopt an ordinance before July 1 of a year
 4 to provide for the distribution of certified distributions under this
 5 subsection instead of a distribution under subsection (b). The following
 6 apply if an ordinance is adopted under this subsection:

7 (1) The ordinance is effective January 1 of the following year.

8 (2) The amount of the certified distribution that the county and
 9 each city and town in the county is entitled to receive during May
 10 and November of each year equals the product of:

11 (A) the amount of the certified distribution for the month;
 12 multiplied by

13 (B) a fraction. For a city or town, the numerator of the fraction
 14 equals the population of the city or the town. For a county, the
 15 numerator of the fraction equals the population of the part of
 16 the county that is not located in a city or town. The
 17 denominator of the fraction equals the sum of the population
 18 of all cities and towns located in the county and the population
 19 of the part of the county that is not located in a city or town.

20 (3) The ordinance may be made irrevocable for the duration of
 21 specified lease rental or debt service payments.

22 (d) The body imposing the tax may not adopt an ordinance under
 23 subsection (c) if, before the adoption of the proposed ordinance, any of
 24 the following have pledged the county economic development income
 25 tax for any purpose permitted by IC 5-1-14 or any other statute:

26 (1) The county.

27 (2) A city or town in the county.

28 (3) A commission, a board, a department, or an authority that is
 29 authorized by statute to pledge the county economic development
 30 income tax.

31 (e) The state board of tax commissioners shall provide each county
 32 auditor with the fractional amount of the certified distribution that the
 33 county and each city or town in the county is entitled to receive under
 34 this section.

35 (f) Money received by a county, city, or town under this section
 36 shall be deposited in the unit's economic development income tax fund.

37 (g) In determining the fractional amount of the certified distribution
 38 the county and its cities and towns are entitled to receive under
 39 subsection (b) during a calendar year, the state board of tax
 40 commissioners shall consider only property taxes imposed on tangible
 41 property subject to assessment in that county.

42 (h) In a county having a consolidated city, only the consolidated city



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1 is entitled to the certified distribution, subject to the requirements of
2 section 15 of this chapter.

3 SECTION 2. IC 6-3.5-7-13.1 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13.1. (a) The fiscal
5 officer of each county, city, or town for a county in which the county
6 economic development tax is imposed shall establish an economic
7 development income tax fund. **Except as provided in section 23 of**
8 **this chapter**, the revenue received by a county, city, or town under this
9 chapter shall be deposited in the unit's economic development income
10 tax fund.

11 (b) Except as provided in ~~section~~ **sections 15 and 23** of this chapter,
12 revenues from the county economic development income tax may be
13 used as follows:

14 (1) By a county, city, or town for economic development projects,
15 for paying, notwithstanding any other law, under a written
16 agreement all or a part of the interest owed by a private developer
17 or user on a loan extended by a financial institution or other
18 lender to the developer or user if the proceeds of the loan are or
19 are to be used to finance an economic development project, for
20 the retirement of bonds under section 14 of this chapter for
21 economic development projects, for leases under section 21 of
22 this chapter, or for leases or bonds entered into or issued prior to
23 the date the economic development income tax was imposed if
24 the purpose of the lease or bonds would have qualified as a
25 purpose under this chapter at the time the lease was entered into
26 or the bonds were issued.

27 (2) By a county, city, or town for:

28 (A) the construction or acquisition of, or remedial action with
29 respect to, a capital project for which the unit is empowered to
30 issue general obligation bonds or establish a fund under any
31 statute listed in IC 6-1.1-18.5-9.8;

32 (B) the retirement of bonds issued under any provision of
33 Indiana law for a capital project;

34 (C) the payment of lease rentals under any statute for a capital
35 project;

36 (D) contract payments to a nonprofit corporation whose
37 primary corporate purpose is to assist government in planning
38 and implementing economic development projects;

39 (E) operating expenses of a governmental entity that plans or
40 implements economic development projects;

41 (F) to the extent not otherwise allowed under this chapter,
42 funding substance removal or remedial action in a designated

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1 unit; or
 2 (G) funding of a revolving fund established under
 3 IC 5-1-14-14.

4 (c) As used in this section, an economic development project is any
 5 project that:

6 (1) the county, city, or town determines will:

7 (A) promote significant opportunities for the gainful
 8 employment of its citizens;
 9 (B) attract a major new business enterprise to the unit; or
 10 (C) retain or expand a significant business enterprise within
 11 the unit; and

12 (2) involves an expenditure for:

13 (A) the acquisition of land;
 14 (B) interests in land;
 15 (C) site improvements;
 16 (D) infrastructure improvements;
 17 (E) buildings;
 18 (F) structures;
 19 (G) rehabilitation, renovation, and enlargement of buildings
 20 and structures;
 21 (H) machinery;
 22 (I) equipment;
 23 (J) furnishings;
 24 (K) facilities;
 25 (L) administrative expenses associated with such a project,
 26 including contract payments authorized under subsection
 27 (b)(2)(D);
 28 (M) operating expenses authorized under subsection (b)(2)(E);
 29 or
 30 (N) to the extent not otherwise allowed under this chapter,
 31 substance removal or remedial action in a designated unit;

32 or any combination of these.

33 SECTION 3. IC 6-3.5-7-23 IS ADDED TO THE INDIANA CODE
 34 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
 35 **UPON PASSAGE]: Sec. 23. (a) This section applies only to a county**
 36 **having a population of at least forty-five thousand (45,000) but not**
 37 **more than forty-seven thousand (47,000).**

38 **(b) The county council may by ordinance determine that, in**
 39 **order to promote the development of libraries in the county and**
 40 **thereby encourage economic development, it is necessary to use**
 41 **economic development income tax revenue to replace library**
 42 **property taxes in the county. However, a county council may adopt**



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1 an ordinance under this subsection only if all territory in the
2 county is included in a library district.

3 (c) If the county council makes a determination under
4 subsection (b), the county council may designate the county
5 economic development income tax revenue generated by the tax
6 rate adopted under section 5 of this chapter, or revenue generated
7 by a portion of the tax rate, as revenue that will be used to replace
8 public library property taxes imposed by public libraries in the
9 county.

10 (d) The county treasurer shall establish a library property tax
11 replacement fund to be used only for the purposes described in this
12 section. County economic development income tax revenues
13 derived from the portion of the tax rate designated for property tax
14 replacement credits under subsection (c) shall be deposited in the
15 library property tax replacement fund before certified
16 distributions are made under section 12 of this chapter.

17 (e) The amount of county economic development income tax
18 revenue dedicated to providing library property tax replacement
19 credits shall, in the manner prescribed in this section, be allocated
20 to public libraries operating in the county and shall be used by
21 those public libraries as property tax replacement credits. The
22 amount of property tax replacement credits that each public
23 library in the county is entitled to receive during a calendar year
24 under this section equals the lesser of:

25 (1) the product of:

26 (A) the amount of revenue deposited by the county auditor
27 in the library property tax replacement fund; multiplied
28 by

29 (B) a fraction described as follows:

30 (i) The numerator of the fraction equals the sum of the
31 total property taxes that would have been collected by
32 the public library during the previous calendar year
33 from taxpayers located within the library district if the
34 property tax replacement under this section had not been
35 in effect.

36 (ii) The denominator of the fraction equals the sum of
37 the total property taxes that would have been collected
38 during the previous year from taxpayers located within
39 the county by all public libraries that are eligible to
40 receive property tax replacement credits under this
41 section if the property tax replacement under this section
42 had not been in effect; or



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1 (2) the total property taxes that would otherwise be collected
2 by the public library for the calendar year if the property tax
3 replacement credit under this section were not in effect.

4 The state board of tax commissioners shall make any adjustments
5 necessary to account for the expansion of a library district.
6 However, a public library is eligible to receive property tax
7 replacement credits under this section only if it has entered into
8 reciprocal borrowing agreements with all other public libraries in
9 the county.

10 (f) Notwithstanding subsection (e), if a public library did not
11 impose a property tax levy during the previous calendar year, that
12 public library is entitled to receive a part of the property tax
13 replacement credits to be distributed for the calendar year. The
14 amount of property tax replacement credits the public library is
15 entitled to receive during the calendar year equals the product of:

16 (1) the amount of revenue deposited in the library property
17 tax replacement fund; multiplied by

18 (2) a fraction. The numerator of the fraction equals the
19 budget of the public library for that calendar year. The
20 denominator of the fraction equals the aggregate budgets of
21 public libraries in the county for that calendar year.

22 If for a calendar year a public library is allocated a part of the
23 property tax replacement credits under this subsection, then the
24 amount of property tax credits distributed to other public libraries
25 in the county for the calendar year shall be reduced by the amount
26 to be distributed as property tax replacement credits under this
27 subsection. The state board of tax commissioners shall make any
28 adjustments required by this subsection and provide the
29 adjustments to the county auditor.

30 (g) The state board of tax commissioners shall inform the county
31 auditor of the amount of property tax replacement credits that
32 each public library in the county is entitled to receive under this
33 section. The county auditor shall certify to each public library the
34 amount of property tax replacement credits that the public library
35 is entitled to receive during that calendar year. The county auditor
36 shall also certify these amounts to the county treasurer.

37 (h) A public library receiving property tax replacement credits
38 under this section shall allocate the credits among each fund for
39 which a distinct property tax levy is imposed. The amount that
40 must be allocated to each fund equals:

41 (1) the amount of property tax replacement credits provided
42 to the public library under this section; multiplied by



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1 (2) the amount determined in STEP THREE of the following
2 formula:

3 **STEP ONE:** Determine the property taxes that would have
4 been collected for each fund by the public library during
5 the previous calendar year if the property tax replacement
6 under this section had not been in effect.

7 **STEP TWO:** Determine the sum of the total property taxes
8 that would have been collected for all funds by the public
9 library during the previous calendar year if the property
10 tax replacement under this section had not been in effect.

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

13 However, if a public library did not impose a property tax levy
14 during the previous calendar year or did not impose a property tax
15 levy for a particular fund during the previous calendar year, but
16 the public library is imposing a property tax levy in the current
17 calendar year or is imposing a property tax levy for the particular
18 fund in the current calendar year, the state board of tax
19 commissioners shall adjust the amount of property tax
20 replacement credits allocated among the various funds of the
21 public library and shall provide the adjustment to the county
22 auditor. If a public library receiving property tax replacement
23 credits under this section does not impose a property tax levy for
24 a particular fund that is first due and payable in a calendar year in
25 which the property tax replacement credits are being distributed,
26 the public library is not required to allocate to that fund a part of
27 the property tax replacement credits to be distributed to the public
28 library.

29 (i) For each public library that receives property tax credits
30 under this section, the state board of tax commissioners shall
31 certify to the county auditor the property tax rate applicable to
32 each fund after the property tax replacement credits are allocated.

33 (j) A public library shall treat property tax replacement credits
34 received during a particular calendar year under this section as a
35 part of the public library's property tax levy for each fund for that
36 same calendar year for purposes of fixing the public library's
37 budget and for purposes of the property tax levy limits imposed by
38 IC 6-1.1-18.5. If the amount of county economic development
39 income tax dedicated to providing property tax replacement
40 credits under this section for a year is less than the amount
41 dedicated in the previous year, the state board of tax
42 commissioners shall increase the maximum permissible property



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1 tax levy of public libraries in the county by the amount of the
 2 reduction in the county economic development income tax
 3 dedicated to providing property tax replacement credits.
 4 (k) The property tax replacement credits that are received
 5 under this section do not reduce the total county tax levy that is
 6 used to compute the state property tax replacement credit under
 7 IC 6-1.1-21. For the purpose of computing and distributing
 8 certified distributions under IC 6-3.5-1.1 and tax revenue under
 9 IC 6-5-10, IC 6-5-11, IC 6-5-12, IC 6-5.5, or IC 6-6-5, the property
 10 tax replacement credits that are received under this section shall
 11 be treated as though they were property taxes that were due and
 12 payable during that same calendar year.
 13 SECTION 4. [EFFECTIVE UPON PASSAGE] (a)
 14 Notwithstanding IC 6-3.5-7-5, the county council of a county
 15 described in IC 6-3.5-7-23, as added by this act, may after January
 16 1 but before June 15 of a year adopt an ordinance to impose the
 17 county economic development income tax under IC 6-3.5-7.
 18 (b) This SECTION expires January 1, 2000.
 19 SECTION 5. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 166, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 4, line 42, after "county." insert "**However, a county council may adopt an ordinance under this subsection only if all territory in the county is included in a library district.**".

Page 7, line 36, after "IC 6-1.1-18.5." insert "**If the amount of county economic development income tax dedicated to providing property tax replacement credits under this section for a year is less than the amount dedicated in the previous year, the state board of tax commissioners shall increase the maximum permissible property tax levy of public libraries in the county by the amount of the reduction in the county economic development income tax dedicated to providing property tax replacement credits.**".

and when so amended that said bill do pass.

(Reference is to SB 166 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 11, Nays 3.

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