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# SENATE BILL No. 109

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5-6-18; IC 6-3.5-6-18.3.

**Synopsis:** Dearborn County option income tax. Permits Dearborn County to adopt an ordinance that changes the basis of distribution of county option income tax (COIT) revenue from property tax levies to population.

**Effective:** Upon passage.

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November 18, 1999, read first time and referred to Committee on Finance.

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Introduced

Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

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## SENATE BILL No. 109



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 6-3.5-6-18, AS AMENDED BY P.L.273-1999,
- 2 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives
- 4 under this chapter shall be used to:
  - 5 (1) replace the amount, if any, of property tax revenue lost due to
  - 6 the allowance of an increased homestead credit within the county;
  - 7 (2) fund the operation of a public communications system and
  - 8 computer facilities district as provided in an election, if any, made
  - 9 by the county fiscal body under IC 36-8-15-19(b);
  - 10 (3) fund the operation of a public transportation corporation as
  - 11 provided in an election, if any, made by the county fiscal body
  - 12 under IC 36-9-4-42;
  - 13 (4) make payments permitted under IC 36-7-15.1-17.5;
  - 14 (5) make payments permitted under subsection ~~(f)~~; (i); and
  - 15 (6) make distributions of distributive shares to the civil taxing
  - 16 units of a county.
  - 17 (b) The county auditor shall retain from the payments of the county's



1 certified distribution, an amount equal to the revenue lost, if any, due  
 2 to the increase of the homestead credit within the county. This money  
 3 shall be distributed to the civil taxing units and school corporations of  
 4 the county as though they were property tax collections and in such a  
 5 manner that no civil taxing unit or school corporation shall suffer a net  
 6 revenue loss due to the allowance of an increased homestead credit.

7 (c) The county auditor shall retain the amount, if any, specified by  
 8 the county fiscal body for a particular calendar year under subsection  
 9 ~~(f)~~, (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the  
 10 county's certified distribution for that same calendar year. The county  
 11 auditor shall distribute amounts retained under this subsection to the  
 12 county.

13 (d) All certified distribution revenues that are not retained and  
 14 distributed under subsections (b) and (c) shall be distributed to the civil  
 15 taxing units of the county as distributive shares.

16 (e) **Except as provided in sections 18.3 and 18.5 of this chapter,**  
 17 the amount of distributive shares that each civil taxing unit in a county  
 18 is entitled to receive during a month equals the product of the  
 19 following:

20 (1) The amount of revenue that is to be distributed as distributive  
 21 shares during that month; multiplied by

22 (2) A fraction. The numerator of the fraction equals the total  
 23 property taxes that are first due and payable to the civil taxing  
 24 unit during the calendar year in which the month falls, plus, for a  
 25 county, an amount equal to the property taxes imposed by the  
 26 county in 1999 for the county's welfare fund and welfare  
 27 administration fund. The denominator of the fraction equals the  
 28 sum of the total property taxes that are first due and payable to all  
 29 civil taxing units of the county during the calendar year in which  
 30 the month falls, plus an amount equal to the property taxes  
 31 imposed by the county in 1999 for the county's welfare fund and  
 32 welfare administration fund.

33 (f) The state board of tax commissioners shall provide each county  
 34 auditor with the fractional amount of distributive shares that each civil  
 35 taxing unit in the auditor's county is entitled to receive monthly under  
 36 this section.

37 (g) Notwithstanding subsection (e), if a civil taxing unit of an  
 38 adopting county does not impose a property tax levy that is first due  
 39 and payable in a calendar year in which distributive shares are being  
 40 distributed under this section, that civil taxing unit is entitled to receive  
 41 a part of the revenue to be distributed as distributive shares under this  
 42 section within the county. The fractional amount such a civil taxing



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1 unit is entitled to receive each month during that calendar year equals  
2 the product of the following:

3 (1) The amount to be distributed as distributive shares during that  
4 month; multiplied by

5 (2) A fraction. The numerator of the fraction equals the budget of  
6 that civil taxing unit for that calendar year. The denominator of  
7 the fraction equals the aggregate budgets of all civil taxing units  
8 of that county for that calendar year.

9 **This subsection does not apply to a county that has in effect an**  
10 **ordinance under section 18.3 of this chapter.**

11 (h) If for a calendar year a civil taxing unit is allocated a part of a  
12 county's distributive shares by subsection (g), then the formula used in  
13 subsection (e) to determine all other civil taxing units' distributive  
14 shares shall be changed each month for that same year by reducing the  
15 amount to be distributed as distributive shares under subsection (e) by  
16 the amount of distributive shares allocated under subsection (g) for that  
17 same month. The state board of tax commissioners shall make any  
18 adjustments required by this subsection and provide them to the  
19 appropriate county auditors.

20 (⊕) (i) Notwithstanding any other law, a county fiscal body may  
21 pledge revenues received under this chapter to the payment of bonds  
22 or lease rentals to finance a qualified economic development tax  
23 project under IC 36-7-27 in that county or in any other county if the  
24 county fiscal body determines that the project will promote significant  
25 opportunities for the gainful employment or retention of employment  
26 of the county's residents.

27 SECTION 2. IC 6-3.5-6-18.3 IS ADDED TO THE INDIANA  
28 CODE AS A NEW SECTION TO READ AS FOLLOWS  
29 [EFFECTIVE UPON PASSAGE]: **Sec. 18.3. (a) This section applies**  
30 **to a county having a population of more than thirty-eight thousand**  
31 **five hundred (38,500) but less than thirty-nine thousand (39,000).**

32 (b) A county income tax council may adopt an ordinance before  
33 July 1 of a year to provide for the distribution of certified  
34 distributions under this section instead of a distribution under  
35 section 18 of this chapter.

36 (c) The ordinance is effective January 1 of the following year.  
37 The ordinance remains in effect until it is revoked.

38 (d) The amount of the certified distribution that each civil  
39 taxing unit is entitled to receive during May and November of each  
40 year equals the product of:

41 (1) the amount of the certified distribution for the month;  
42 multiplied by

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1           **(2) a fraction. For a city or town, the numerator of the**  
2           **fraction equals the population of the city or town that is**  
3           **within the county. For a civil taxing unit that is not a county,**  
4           **city, or town, the numerator of the fraction equals the**  
5           **population of the civil taxing unit that is within the county but**  
6           **not within a city or town. For a county, the numerator of the**  
7           **fraction equals the population of the county that is not within**  
8           **a city or town. The denominator of the fraction equals the**  
9           **sum of the populations used in the numerators.**  
10          **SECTION 3. An emergency is declared for this act.**

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