

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Finance, to which was referred House Bill No. 1006, 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:

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 public funds.
- 4 Page 1, delete lines 1 through 17, begin a new paragraph and insert:
- 5 "SECTION 1. IC 4-10-20 IS ADDED TO THE INDIANA CODE
- 6 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 7 UPON PASSAGE]:
- 8 **Chapter 20. State Fiscal Year Spending Limit**
- 9 **Sec. 1. (a) This chapter does not apply to the extent that**
- 10 **payments for pensions, including accrued unfunded liability, and**
- 11 **final court judgments on which the state is obligated to pay exceed**
- 12 **the spending limits imposed by this chapter.**
- 13 **(b) This chapter does not apply to the extent that money**
- 14 **expended from a reserve fund exceeds the spending limits imposed**
- 15 **by this chapter if the initial transfer of the money into the reserve**
- 16 **fund was included in the fiscal year spending of a previous state**
- 17 **fiscal year.**
- 18 **Sec. 2. As used in this chapter, "CPI" refers to the United States**
- 19 **Bureau of Labor Statistics Consumer Price Index for All Urban**
- 20 **Consumers for the U.S. City Average for All Items, or its successor**
- 21 **index.**

1 **Sec. 3. As used in this chapter, "fiscal year spending" means all**
 2 **state governmental expenditures and reserve increases in a state**
 3 **fiscal year, except expenditures from the following:**

- 4 **(1) Money deposited into the excess tax fund established under**
 5 **section 10 of this chapter.**
 6 **(2) Money received as gifts.**
 7 **(3) Federal funds.**
 8 **(4) Money collected for another government.**
 9 **(5) Pension contributions by employees and pension fund**
 10 **earnings.**
 11 **(6) Money received from damage awards.**
 12 **(7) Money received from property sales.**
 13 **(8) Money received from settlement awards.**
 14 **(9) State dedicated funds.**

15 **Sec. 4. As used in this chapter, "inflation" means, with respect**
 16 **to any fiscal year, the lesser of:**

- 17 **(1) the percentage change between:**
 18 **(A) the quotient of:**
 19 **(i) the sum of the CPI for the twelve (12) months ending**
 20 **in April of the calendar year before the adoption of the**
 21 **state biennial budget; divided by**
 22 **(ii) twelve (12); and**
 23 **(B) the quotient of:**
 24 **(i) the sum of the CPI for the twelve (12) months ending**
 25 **in April of the calendar year before the calendar year**
 26 **described in clause (A); divided by**
 27 **(ii) twelve (12); or**
 28 **(2) six percent (6%).**

29 **Sec. 5. As used in this chapter, "maximum annual percentage**
 30 **change in fiscal year spending" means the sum of the following:**

- 31 **(1) Inflation with respect to the fiscal year in question, as**
 32 **calculated under section 4 of this chapter.**
 33 **(2) The annual percentage rate of change in population.**
 34 **(3) One percent (1%).**

35 **Sec. 6. As used in this chapter, "population" means:**

- 36 **(1) the number of residents of the state as estimated by the**
 37 **United States Bureau of the Census each year; or**
 38 **(2) the number of residents of the state as counted by the**
 39 **United States Bureau of the Census in a decennial census.**

40 **Sec. 7. As used in this chapter, "state fiscal year" means the**
 41 **twelve (12) month period beginning July 1 in a calendar year.**

42 **Sec. 8. Before July 1 of calendar year 2000 and each**

1 even-numbered year thereafter, the department of state revenue
2 shall:

3 (1) certify to the governor and the legislative council:

4 (A) the inflation amount calculated under section 4 of this
5 chapter; and

6 (B) the annual percentage rate of change in population as
7 reported in the most recent population estimate report of
8 the United States Bureau of Census; and

9 (2) release the information certified under subdivision (1) to
10 the general public.

11 **Sec. 9. (a) This subsection applies to a state fiscal year beginning**
12 **July 1 of calendar year 2001 and each odd-numbered year**
13 **thereafter. The state may not increase fiscal year spending more**
14 **than the maximum annual percentage change in fiscal year**
15 **spending applicable to that state fiscal year.**

16 (b) This subsection applies to a state fiscal year beginning July
17 1 of calendar year 2002 and each even-numbered year thereafter.
18 State fiscal year spending may not exceed the amount determined
19 under the following STEPS:

20 **STEP ONE: Determine the amount of state fiscal year**
21 **spending permitted under subsection (a).**

22 **STEP TWO: Multiply the STEP ONE amount by the**
23 **maximum annual percentage change in fiscal year spending**
24 **applicable to the previous state fiscal year.**

25 **STEP THREE: Add the amount resulting from STEP TWO**
26 **to the STEP ONE amount.**

27 (c) If the general assembly considers it necessary to spend
28 beyond the spending limit imposed by this chapter, the general
29 assembly may do so by adopting a concurrent resolution approved
30 by a majority of both houses of the general assembly. The
31 resolution must state:

32 (1) that the general assembly desires to budget and spend
33 more funds than permitted by IC 4-10-20; and

34 (2) the reasons necessitating the excess spending.

35 Upon passage of such a resolution, a cause of action may not be
36 initiated under section 12 of this chapter if the excess spending
37 results from passage of the resolution and the reasons for the
38 excess spending stated in the resolution.

39 **Sec. 10. If revenue from sources not excluded from fiscal year**
40 **spending exceeds the spending limit imposed under this chapter for**
41 **that state fiscal year, the excess must be deposited into the excess**
42 **tax fund established under section 11 of this chapter to be used**

1 **for".**

2 Delete pages 2 through 17.

3 Page 18, delete lines 1 through 14.

4 Page 18, line 15, delete ". All or a portion of the certified
5 distribution to" and insert "**programs enacted by the general**
6 **assembly.**

7 **Sec. 11. (a) The excess tax fund is established for the purpose of**
8 **providing property tax relief under programs enacted by the**
9 **general assembly. The fund shall be administered by the treasurer**
10 **of state.**

11 **(b) The expenses of administering the fund shall be paid from**
12 **money in the fund.**

13 **(c) The treasurer of state shall invest money in the fund not**
14 **currently needed to meet the obligations of the fund in the same**
15 **manner as other public money may be invested. Interest that**
16 **accrues from these investments shall be deposited in the fund.**

17 **(d) Money in the fund at the end of a state fiscal year does not**
18 **revert to the state general fund.**

19 **Sec. 12. This chapter may be enforced in a private individual or**
20 **class action suit. Successful plaintiffs are allowed costs and**
21 **reasonable attorney's fees. The state may recover costs and**
22 **reasonable attorney's fees under this chapter only if a suit against**
23 **it is ruled frivolous. Revenue collected illegally, kept illegally, or**
24 **spent illegally for the four (4) state fiscal years preceding the date**
25 **that the suit is filed shall be deposited in the excess tax fund**
26 **commencing for each state fiscal year on the date the state exceeds**
27 **the spending limitation imposed for that state fiscal year under this**
28 **chapter.**

29 SECTION 2. IC 6-1.1-20.9-2 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Except as
31 otherwise provided in section 5 of this chapter, an individual who on
32 March 1 of a particular year either owns or is buying a homestead
33 under a contract that provides the individual is to pay the property taxes
34 on the homestead is entitled each calendar year to a credit against the
35 property taxes which the individual pays on the individual's homestead.
36 However, only one (1) individual may receive a credit under this
37 chapter for a particular homestead in a particular year.

38 (b) The amount of the credit to which the individual is entitled
39 equals the product of:

40 (1) the percentage prescribed in subsection (d); multiplied by

41 (2) the amount of the individual's property tax liability, as that
42 term is defined in IC 6-1.1-21-5, which is attributable to the

1 homestead during the particular calendar year.

2 (c) For purposes of determining that part of an individual's property
3 tax liability that is attributable to the individual's homestead, all
4 deductions from assessed valuation which the individual claims under
5 IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's
6 homestead is located must be applied first against the assessed value
7 of the individual's homestead before those deductions are applied
8 against any other property.

9 (d) The percentage of the credit referred to in subsection (b)(1) is as
10 follows:

11 YEAR	PERCENTAGE 12 OF THE CREDIT
13 1996	8%
14 1997	6%
15 1998 through 2001 and thereafter	10%
16 2002 and thereafter	4%

17 However, the property tax replacement fund board established under
18 IC 6-1.1-21-10, in its sole discretion, may increase the percentage of
19 the credit provided in the schedule for any year, if the board feels that
20 the property tax replacement fund contains enough money for the
21 resulting increased distribution. If the board increases the percentage
22 of the credit provided in the schedule for any year, the percentage of
23 the credit for the immediately following year is the percentage provided
24 in the schedule for that particular year, unless as provided in this
25 subsection the board in its discretion increases the percentage of the
26 credit provided in the schedule for that particular year. However, the
27 percentage credit allowed in a particular county for a particular year
28 shall be increased if on January 1 of a year an ordinance adopted by a
29 county income tax council was in effect in the county which increased
30 the homestead credit. The amount of the increase equals the amount
31 designated in the ordinance.

32 (e) Before October 1 of each year, the assessor shall furnish to the
33 county auditor the amount of the assessed valuation of each homestead
34 for which a homestead credit has been properly filed under this chapter.

35 (f) The county auditor shall apply the credit equally to each
36 installment of taxes that the individual pays for the property.

37 (g) Notwithstanding the provisions of this chapter, a taxpayer other
38 than an individual is entitled to the credit provided by this chapter if:

- 39 (1) an individual uses the residence as the individual's principal
40 place of residence;
- 41 (2) the residence is located in Indiana;
- 42 (3) the individual has a beneficial interest in the taxpayer;

- 1 (4) the taxpayer either owns the residence or is buying it under
2 a contract, recorded in the county recorder's office, that provides
3 that the individual is to pay the property taxes on the residence;
4 and
5 (5) the residence consists of a single-family dwelling and the real
6 estate, not exceeding one (1) acre, that immediately surrounds
7 that dwelling."
8 Page 18, delete lines 16 through 42.
9 Delete pages 19 through 58.
10 Page 59, delete lines 1 through 6.
11 Renumber all SECTIONS consecutively.
(Reference is to HB 1006 as printed January 18, 2000.)

and when so amended that said bill do pass.

Committee Vote: Yeas 9, Nays 4.

Senator Borst, Chairperson