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# HOUSE BILL No. 1546

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-4; IC 4-13.5-4-6; IC 5-1-4-26; IC 5-1.4-9-9; IC 5-1.5-9-9; IC 5-20-2-14; IC 5-21-2-15; IC 6-4.1; IC 6-8-5-1; IC 8-10-1-27; IC 8-14.5-6-12; IC 8-21-9-31; IC 8-22; IC 14-13; IC 14-14-1-46; IC 15-1.5-9-9; IC 16-22; IC 20-12-63-27; IC 21-9-7-3; IC 27-1-29-17; IC 28-5-2-2; IC 29-1-17; IC 29-3-3-3; IC 30-4; IC 33-19-5-6; IC 34-24; IC 36-7; IC 36-9; IC 36-10.

**Synopsis:** Inheritance tax. Provides that the state inheritance tax does not apply to property interest transfers from the estate of an individual who dies after June 30, 2001. Repeals the inheritance tax effective July 1, 2003. Amends the Indiana estate tax formula and provides that the amended formula applies to the estate of an individual who dies after June 30, 2001. Makes conforming amendments.

**Effective:** July 1, 2001; July 1, 2003; July 1, 2008.

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## Dumezich

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January 11, 2001, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 112th General Assembly (2001)

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 *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

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## HOUSE BILL No. 1546



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 4-4-11-36.1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 36.1. (a) Except as  
3 provided in subsections (b) through (c), all property, both tangible and  
4 intangible, acquired or held by the authority under this chapter,  
5 IC 4-4-21, or IC 15-7-5 is declared to be public property used for  
6 public and governmental purposes, and all such property and income  
7 therefrom shall at all times be exempt from all taxes imposed by this  
8 state, any county, any city, or any other political subdivision of this  
9 state, except for the financial institutions tax imposed under IC 6-5.5  
10 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

11 (b) Property owned by the authority and leased to a person for an  
12 industrial development project is not public property. The property and  
13 the industrial development project are subject to all taxes of the state  
14 or any county, city, or other political subdivision of the state in the  
15 same manner and subject to the same exemptions as are applicable to  
16 all persons.

17 (c) Any industrial development project financed by a loan under the



1 authority of this chapter shall not be considered public property and  
 2 shall not be exempt from any taxes of this state, or any county, city, or  
 3 other political subdivision thereof, except for pollution control  
 4 equipment.

5 (d) An agricultural enterprise or rural development project financed  
 6 by a loan under the authority of this chapter or IC 15-7-5 shall not be  
 7 considered public property and shall not be exempt from Indiana taxes  
 8 or any county, city, or other political subdivision of the state.

9 (e) This section does not provide a tax exemption for a financial  
 10 institution that receives a guaranteed participating loan or an exporter  
 11 that receives an eligible export loan or performance bond guarantee  
 12 under this chapter or IC 4-4-21.

13 SECTION 2. IC 4-4-11.2-29 IS AMENDED TO READ AS  
 14 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 29. All property of the  
 15 authority is public property devoted to an essential public and  
 16 governmental function and purpose and is exempt from all taxes and  
 17 special assessments, direct or indirect, of the state or a political  
 18 subdivision of the state. All bonds issued under this chapter are issued  
 19 by a body corporate and public of the state, but not a state agency, and  
 20 for an essential public and governmental purpose, and the bonds, the  
 21 interest thereon, the proceeds received by a holder from the sale of the  
 22 bonds to the extent of the holder's cost of acquisition, proceeds  
 23 received upon redemption prior to maturity, and proceeds received at  
 24 maturity and the receipt of the interest and proceeds shall be exempt  
 25 from taxation in the state for all purposes except a ~~state inheritance~~ tax  
 26 imposed under IC 6-4.1.

27 SECTION 3. IC 4-13.5-4-6 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. (a) All property of  
 29 the commission is public property devoted to an essential public and  
 30 governmental function and purpose and is exempt from all taxes and  
 31 special assessments of the state or a political subdivision of the state.

32 (b) All bonds or loan contracts issued under this article are issued  
 33 by a body corporate and politic of this state, but not a state agency, and  
 34 for an essential public and governmental purpose, and the bonds and  
 35 loan contracts, the interest thereon, the proceeds received by a holder  
 36 from the sale of the bonds or loan contracts to the extent of the holder's  
 37 cost of acquisition, proceeds received upon redemption before  
 38 maturity, proceeds received at maturity, and the receipt of the interest  
 39 and proceeds are exempt from taxation for all purposes except the  
 40 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 41 tax imposed under IC 6-4.1.

42 SECTION 4. IC 5-1-4-26 IS AMENDED TO READ AS FOLLOWS



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1 [EFFECTIVE JULY 1, 2001]: Sec. 26. The exercise of the powers  
 2 granted by this chapter will be in all respects for the benefit of the  
 3 people of the state, for the increase of their commerce and prosperity,  
 4 and for the improvement of their health and living conditions, and as  
 5 the operation and maintenance of a project by an authority or its agent  
 6 will constitute the performance of essential governmental functions,  
 7 such authority shall not be required to pay any taxes or assessments  
 8 upon or in respect of a project or any property acquired or used by such  
 9 authority under the provisions of this chapter, or upon the income  
 10 therefrom, and the bonds issued under the provisions of this chapter,  
 11 the interest thereon, the proceeds received by a holder from the sale of  
 12 such bonds to the extent of the holder's cost of acquisition, or proceeds  
 13 received upon redemption prior to maturity or proceeds received at  
 14 maturity, and the receipt of such interest and proceeds shall be exempt  
 15 from taxation in the state of Indiana for all purposes except the  
 16 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 17 tax imposed under IC 6-4.1.

18 SECTION 5. IC 5-1.4-9-9 IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. All property of the  
 20 bank is public property devoted to an essential public and  
 21 governmental function and purpose and is exempt from all taxes and  
 22 special assessments of the state or a political subdivision of the state.  
 23 All bonds or notes issued under this article are issued by a body  
 24 corporate and public of this state, but not a state, city, or county agency,  
 25 and for an essential public and governmental purpose. The bonds and  
 26 notes, the interest thereon, the proceeds received by a holder from the  
 27 sale of the bonds or notes to the extent of the holder's cost of  
 28 acquisition, proceeds received upon redemption before maturity,  
 29 proceeds received at maturity, and the receipt of the interest and  
 30 proceeds shall be exempt from taxation in the state for all purposes  
 31 except the financial institutions tax imposed under IC 6-5.5 or a ~~state~~  
 32 ~~inheritance~~ tax imposed under IC 6-4.1.

33 SECTION 6. IC 5-1.5-9-9 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. All property of the  
 35 bank is public property devoted to an essential public and  
 36 governmental function and purpose and is exempt from all taxes and  
 37 special assessments, direct or indirect, of the state or a political  
 38 subdivision of the state. All bonds or notes issued under this article are  
 39 issued by a body corporate and public of this state, but not a state  
 40 agency, and for an essential public and governmental purpose and the  
 41 bonds and notes, the interest thereon, the proceeds received by a holder  
 42 from the sale of the bonds or notes to the extent of the holder's cost of

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1 acquisition, proceeds received upon redemption prior to maturity, ~~and~~  
 2 proceeds received at maturity, and the receipt of the interest and  
 3 proceeds shall be exempt from taxation in the state for all purposes  
 4 except the financial institutions tax imposed under IC 6-5.5 or a ~~state~~  
 5 ~~inheritance~~ tax imposed under IC 6-4.1.

6 SECTION 7. IC 5-20-2-14 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. All bonds and  
 8 interim receipts or certificates, proceeds received by a holder from the  
 9 sale of them to the extent of the holder's cost of acquisition, proceeds  
 10 received upon redemption prior to maturity, proceeds received at  
 11 maturity, and interest thereon, are exempt from taxation in the state of  
 12 Indiana for all purposes except the financial institutions tax imposed  
 13 under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

14 SECTION 8. IC 5-21-2-15 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 15. (a) All property of  
 16 the commission is public property devoted to an essential public and  
 17 governmental function and purpose and is exempt from all taxes and  
 18 special assessments of the state or a political subdivision of the state.

19 (b) All bonds or loan contracts issued under this article are issued  
 20 by a body corporate and politic of this state, but not a state agency, and  
 21 for an essential public and governmental purpose. The bonds and loan  
 22 contracts, the interest on them, the proceeds received by a holder from  
 23 the sale of the bonds or loan contracts to the extent of the holder's cost  
 24 of acquisition, proceeds received upon redemption before maturity,  
 25 proceeds received at maturity, and the receipt of the interest and  
 26 proceeds are exempt from taxation for all purposes except the financial  
 27 institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax  
 28 imposed under IC 6-4.1.

29 SECTION 9. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA CODE  
 30 AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY  
 31 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this chapter does not**  
 32 **apply to a property interest transferred from the estate of an**  
 33 **individual whose death occurs after June 30, 2001.**

34 SECTION 10. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA  
 35 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 36 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
 37 **chapter does not apply to a property interest transferred from the**  
 38 **estate of an individual whose death occurs after June 30, 2001.**

39 SECTION 11. IC 6-4.1-4-0.2 IS ADDED TO THE INDIANA  
 40 CODE AS A **NEW SECTION TO READ AS FOLLOWS**  
 41 [EFFECTIVE JULY 1, 2001]: **Sec. 0.2. Beginning July 1, 2001, this**  
 42 **chapter does not apply to a property interest transferred from the**

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1 **estate of an individual whose death occurs after June 30, 2001.**

2 SECTION 12. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA  
3 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
4 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
5 **chapter does not apply to a property interest transferred from the**  
6 **estate of an individual whose death occurs after June 30, 2001.**

7 SECTION 13. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA  
8 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
10 **chapter does not apply to a property interest transferred from the**  
11 **estate of an individual whose death occurs after June 30, 2001.**

12 SECTION 14. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA  
13 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
14 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
15 **chapter does not apply to a property interest transferred from the**  
16 **estate of an individual whose death occurs after June 30, 2001.**

17 SECTION 15. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA  
18 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
19 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
20 **chapter does not apply to a property interest transferred from the**  
21 **estate of an individual whose death occurs after June 30, 2001.**

22 SECTION 16. IC 6-4.1-9-0.5 IS ADDED TO THE INDIANA  
23 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
24 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
25 **chapter does not apply to a property interest transferred from the**  
26 **estate of an individual whose death occurs after June 30, 2001.**

27 SECTION 17. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA  
28 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
29 [EFFECTIVE JULY 1, 2001]: **Sec. 0.5. Beginning July 1, 2001, this**  
30 **chapter does not apply to a property interest transferred from the**  
31 **estate of an individual whose death occurs after June 30, 2001.**

32 SECTION 18. IC 6-4.1-10-2 IS AMENDED TO READ AS  
33 FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 2. (a) This section**  
34 **applies only to a refund claim arising from the inheritance tax**  
35 **imposed as a result of a person's death occurring before July 1,**  
36 **2001.**

37 **(b) The time limits prescribed in section 1 of this chapter for filing**  
38 **a refund claim do not apply if the claim is for the refund of inheritance**  
39 **tax which has been determined in the manner provided in IC 6-4.1-6**  
40 **(before its repeal).**

41 SECTION 19. IC 6-4.1-11-2 IS AMENDED TO READ AS  
42 FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 2. (a) This section**

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1 **applies to the estate of an individual whose death occurs before**  
 2 **July 1, 2001.**

3 **(b)** The Indiana estate tax is the amount determined in STEP FOUR  
 4 of the following formula:

5 STEP ONE: Divide:

6 (A) the value of the decedent's Indiana gross estate; by

7 (B) the value of the decedent's total gross estate for federal  
 8 estate tax purposes.

9 STEP TWO: Multiply:

10 (A) the quotient determined under STEP ONE; by

11 (B) the federal state death tax credit allowable against the  
 12 decedent's federal estate tax.

13 The product is the Indiana portion of the federal state death tax  
 14 credit.

15 STEP THREE: Subtract:

16 (A) the amount of all Indiana inheritance taxes actually paid  
 17 as a result of the decedent's death; from

18 (B) the product determined under STEP TWO.

19 STEP FOUR: Determine the greater of the following:

20 (A) The remainder determined under STEP THREE.

21 (B) Zero (0).

22 ~~(b)~~ **(c)** For purposes of this section, the value of a nonresident  
 23 decedent's Indiana gross estate equals the total fair market value on the  
 24 appraisal date of tangible personal property and real estate which had  
 25 an actual situs in Indiana at the time of the decedent's death and which  
 26 is included in the decedent's gross estate for federal estate tax purposes  
 27 under Sections 2031 through 2044 of the Internal Revenue Code.

28 ~~(c)~~ **(d)** For purposes of this section, the value of a resident  
 29 decedent's Indiana gross estate equals the total fair market value on the  
 30 appraisal date of personal property and real estate that had an actual  
 31 situs in Indiana at the time of the decedent's death and all intangible  
 32 personal property wherever located that is included in the decedent's  
 33 gross estate for federal estate tax purposes.

34 ~~(d)~~ **(e)** For purposes of this section, the value of a resident or  
 35 nonresident decedent's total gross estate for federal estate tax purposes  
 36 equals the total fair market value on the appraisal date of the property  
 37 included in the decedent's gross estate for federal estate tax purposes  
 38 under Sections 2031 through 2044 of the Internal Revenue Code.

39 ~~(e)~~ **(f)** For purposes of determining the value of a decedent's Indiana  
 40 gross estate and the decedent's total gross estate, the appraisal date for  
 41 each property interest is the date on which the property interest is  
 42 valued for federal estate tax purposes.

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1           ⊕ (g) The estate tax does not apply to a property interest transfer  
2 made by a resident decedent if the interest transferred is in:

3           (1) real property located outside Indiana, regardless of whether  
4 the property is held in a trust or whether the trustee is required to  
5 distribute the property in-kind; or

6           (2) real property located in Indiana, if:

7               (A) the real property was transferred to an irrevocable trust  
8 during the decedent's lifetime;

9               (B) the transfer to the trust was not made in contemplation of  
10 the transferor's death, as determined under IC 6-4.1-2-4  
11 **(before its repeal); and**

12           (C) the decedent does not have a retained interest in the trust.

13           SECTION 20. IC 6-4.1-11-2.5 IS ADDED TO THE INDIANA  
14 CODE AS A NEW SECTION TO READ AS FOLLOWS  
15 [EFFECTIVE JULY 1, 2001]: **Sec. 2.5. (a) This section applies to the**  
16 **estate of an individual whose death occurs after June 30, 2001.**

17           **(b) Except as provided in subsection (c), the Indiana estate tax**  
18 **is the amount determined in STEP THREE of the following**  
19 **formula:**

20           **STEP ONE: Divide:**

21               **(A) the value of the decedent's Indiana gross estate; by**

22               **(B) the value of the decedent's total gross estate for federal**  
23 **estate tax purposes.**

24           **STEP TWO: Multiply:**

25               **(A) the quotient determined under STEP ONE; by**

26               **(B) the federal state death tax credit allowable against the**  
27 **decedent's federal estate tax.**

28           **The product is the Indiana portion of the federal state death**  
29 **tax credit.**

30           **STEP THREE: Determine the greater of the following:**

31               **(A) The product determined under STEP TWO.**

32               **(B) Zero (0).**

33           **(c) If the federal estate tax imposed under Section 2001 of the**  
34 **Internal Revenue Code is repealed before the date of the**  
35 **individual's death, the amount of the Indiana estate tax is zero**  
36 **dollars (\$0).**

37           **(d) For purposes of this section, the value of a nonresident**  
38 **decedent's Indiana gross estate equals the total fair market value**  
39 **on the appraisal date of tangible personal property and real estate**  
40 **that had an actual situs in Indiana at the time of the individual's**  
41 **death and that is included in the decedent's gross estate for federal**  
42 **estate tax purposes under Sections 2031 through 2044 of the**

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1 **Internal Revenue Code.**

2 (e) For purposes of this section, the value of a resident  
3 decedent's Indiana gross estate equals the total fair market value  
4 on the appraisal date of personal property and real estate that had  
5 an actual situs in Indiana at the time of the individual's death and  
6 all intangible personal property wherever located that is included  
7 in the decedent's gross estate for federal estate tax purposes.

8 (f) For purposes of this section, the value of a resident or  
9 nonresident decedent's total gross estate for federal estate tax  
10 purposes equals the total fair market value on the appraisal date  
11 of the property included in the decedent's gross estate for federal  
12 estate tax purposes under Sections 2031 through 2044 of the  
13 Internal Revenue Code.

14 (g) For purposes of determining the value of a decedent's  
15 Indiana gross estate and the decedent's total gross estate, the  
16 appraisal date for each property interest is the date on which the  
17 property interest is valued for federal estate tax purposes.

18 (h) The estate tax does not apply to a property interest transfer  
19 made by a resident decedent if the interest transferred is in:

- 20 (1) real property located outside Indiana, regardless of  
21 whether the property is held in a trust or whether the trustee  
22 is required to distribute the property in-kind; or  
23 (2) real property located in Indiana, if:

24 (A) the real property was transferred to an irrevocable  
25 trust during the decedent's lifetime;

26 (B) the transfer to the trust was not made in contemplation  
27 of the transferor's death, as determined under subsection  
28 (i); and

29 (C) the decedent does not have a retained interest in the  
30 trust.

31 (i) A transfer is presumed to have been made in contemplation  
32 of the transferor's death if it is made within one (1) year before the  
33 transferor's date of death. However, the presumption is rebuttable.

34 SECTION 21. IC 6-4.1-12-6 IS AMENDED TO READ AS  
35 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. The department of  
36 state revenue:

37 (1) shall supervise the enforcement of this article;

38 (2) shall supervise the collection of taxes imposed under this  
39 article;

40 (3) shall investigate the manner in which this article is  
41 administered and enforced in the various counties of this state;

42 (4) shall provide the forms and books required to implement this

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1 article;

2 (5) shall promulgate any rules or regulations which are necessary  
3 for the interpretation or the enforcement of this article;

4 (6) may investigate any facts or circumstances which are relevant  
5 to the taxes imposed under this article;

6 (7) shall provide the inheritance tax administrator with a secretary  
7 **(until the elimination of the office of inheritance tax**  
8 **administrator);** and

9 (8) may provide the inheritance tax administrator with assistants,  
10 clerks, or stenographers **(until the elimination of the office of**  
11 **inheritance tax administrator).**

12 SECTION 22. IC 6-4.1-12-11 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. The department of  
14 state revenue and the inheritance tax administrator **(until the**  
15 **elimination of the office of inheritance tax administrator)** shall  
16 gather information and make investigations concerning the estates of  
17 non-residents whose deaths result in the imposition of a tax under this  
18 article.

19 SECTION 23. IC 6-4.1-12-12 IS AMENDED TO READ AS  
20 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. (a) The department,  
21 the department's counsel, agents, clerks, stenographers, other  
22 employees, or former employees, or any other person who gains access  
23 to the inheritance tax files shall not divulge any information disclosed  
24 by the documents required to be filed under this article. However,  
25 disclosure may be made in the following cases:

26 (1) To comply with an order of a court.

27 (2) To the members and employees of the department.

28 (3) To the members and employees of county offices and courts  
29 to the extent they need the information for inheritance tax  
30 purposes. IC 5-14-3-6.5 does not apply to this subdivision.

31 (4) To the governor.

32 (5) To the attorney general.

33 (6) To any other legal representative of the state in any action  
34 pertaining to the tax due under this article.

35 (7) To any authorized officer of the United States, when the  
36 recipient agrees that the information is confidential and will be  
37 used solely for official purposes.

38 (8) Upon the receipt of a certified request, to any designated  
39 officer of a tax department of any other state, district, territory, or  
40 possession of the United States, when the state, district, territory,  
41 or possession permits the exchange of like information with the  
42 taxing officials of Indiana and when the recipient agrees that the

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1 information is confidential and will be used solely for tax  
2 collection purposes.

3 (9) Upon receipt of a written request, to the director of the  
4 division of family and children and to any county director of  
5 family and children, when the recipient agrees that the  
6 information is confidential and will be used only in connection  
7 with their official duties.

8 (10) To the attorney listed on the inheritance tax return under  
9 IC 6-4.1-4-1 **(before its repeal)** or IC 6-4.1-4-7 **(before its  
10 repeal)**.

11 (11) To a devisee, an heir, a successor in interest, or a surviving  
12 joint tenant of the decedent for whom an inheritance tax return  
13 was filed or, upon the receipt of a written request, to an agent or  
14 attorney of a devisee, an heir, a successor in interest, or a  
15 surviving joint tenant of the decedent.

16 (b) Any person who knowingly violates this section:

17 (1) commits a Class C misdemeanor; and

18 (2) shall be immediately dismissed from the person's office or  
19 employment, if the person is an officer or employee of the state.

20 SECTION 24. IC 6-8-5-1 IS AMENDED TO READ AS FOLLOWS  
21 [EFFECTIVE JULY 1, 2001]: Sec. 1. (a) All bonds issued after March  
22 11, 1959, or notes, warrants, or other evidences of indebtedness issued  
23 in the state of Indiana by or in the name of any county, township, city,  
24 incorporated town, school corporation, state educational institution or  
25 state supported institution of higher learning, or any other political,  
26 municipal, public or quasi-public corporation or body, or in the name  
27 of any special assessment or taxing district or in the name of any  
28 authorized body of any such corporation or district, the interest thereon,  
29 the proceeds received by a holder from the sale of such obligations to  
30 the extent of the holder's cost of acquisition, or proceeds received upon  
31 redemption prior to maturity, or proceeds received at maturity, and the  
32 receipt of such interest and proceeds, shall be exempt from taxation in  
33 the state of Indiana for all purposes except a ~~state inheritance~~ tax  
34 imposed under IC 6-4.1.

35 (b) All bonds issued after March 11, 1933, and before March 12,  
36 1959, by any municipality in this state under the provisions of any  
37 statute whereby the terms thereof provide for the payment of such  
38 bonds out of the funds derived from the revenues of any municipally  
39 owned utility or which are to be paid by pledging the physical property  
40 of any such municipally owned utility, or any bonds issued pledging  
41 both the physical property and the revenues of such utility, or any  
42 bonds issued for additions to or improvements to be made to such

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1 municipally owned utility, or any bonds issued by any municipality to  
2 be paid out of taxes levied by such municipality for the acquiring,  
3 purchase, construction, or the reconstruction of a utility, or any part  
4 thereof, shall be exempt from taxation for all purposes except a ~~state~~  
5 ~~inheritance~~ tax imposed under IC 6-4.1.

6 (c) This section does not apply to measuring the franchise tax  
7 imposed on the privilege of transacting the business of a financial  
8 institution in Indiana under IC 6-5.5.

9 (d) No other statute exempting interest paid on debt obligations of:  
10 (1) a state or local public entity, including an agency, a  
11 government corporation, or an authority; or  
12 (2) a corporation or other entity leasing real or personal property  
13 to an entity described in subdivision (1);

14 applies to measuring of the franchise tax imposed on financial  
15 institutions under IC 6-5.5.

16 SECTION 25. IC 8-10-1-27 IS AMENDED TO READ AS  
17 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 27. (a) The exercise of  
18 the powers granted by this chapter will be in all respects for the benefit  
19 of the people of the state, for the increase of their commerce and  
20 prosperity, and for the improvement of their health and living  
21 conditions.

22 (b) As the operation and maintenance of a port project by the  
23 commission will constitute the performance of essential governmental  
24 functions, the commission shall not be required to pay any taxes or  
25 assessments upon any port project or any property acquired or used by  
26 the commission under the provisions of this chapter or upon the income  
27 therefrom. The bonds issued by the commission, the interest thereon,  
28 the proceeds received by a holder from the sale of such bonds to the  
29 extent of the holder's cost of acquisition, or proceeds received upon  
30 redemption prior to maturity or proceeds received at maturity, and the  
31 receipt of such interest and proceeds shall be exempt from taxation in  
32 the state of Indiana for all purposes except the financial institutions tax  
33 imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
34 IC 6-4.1.

35 (c) Notwithstanding any other statute, a lessee's leasehold estate in  
36 land that is part of a port and that is owned by the state or the  
37 commission is exempt from property taxation.

38 SECTION 26. IC 8-14.5-6-12 IS AMENDED TO READ AS  
39 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. All bonds or notes  
40 issued under this article are issued by a body corporate and politic of  
41 this state, but not a state agency, and for an essential public and  
42 governmental purpose. The bonds and notes, the interest on the bonds

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1 and notes, the proceeds received by an owner from the sale of the  
 2 bonds or notes to the extent of the owner's cost of acquisition, proceeds  
 3 received upon redemption for maturity, proceeds received at maturity,  
 4 and the receipt of the interest and proceeds are exempt from taxation  
 5 for all purposes except the financial institutions tax imposed under  
 6 IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

7 SECTION 27. IC 8-21-9-31 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 31. (a) The exercise of  
 9 the powers granted by this chapter will be in all respects for the benefit  
 10 of the people of the state, for the increase of their commerce and  
 11 prosperity, and for the improvement of their health and living  
 12 conditions, and as the operation and maintenance of an airport facility  
 13 or airport facilities by the department will constitute the performance  
 14 of essential governmental functions, the department shall not be  
 15 required to pay any taxes or assessments upon any airport facility or  
 16 airport facilities or any property acquired or used by the department  
 17 under the provisions of this chapter, or upon the income therefrom, and  
 18 the bonds issued under the provisions of this chapter, the interest  
 19 thereon, the proceeds received by a holder from the sale of such bonds  
 20 to the extent of the holder's cost of acquisition, or proceeds received  
 21 upon redemption prior to maturity or proceeds received at maturity, and  
 22 the receipt of such interest and proceeds shall be exempt from taxation  
 23 in the state of Indiana for all purposes except the financial institutions  
 24 tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
 25 IC 6-4.1.

26 (b) All properties both real and personal owned and operated by the  
 27 department or leased by the department for proprietary purposes shall  
 28 be assessed and added to the local tax rolls as any other private  
 29 property. Such proprietary operations, under control of either the  
 30 authority or a lessee of the department, shall be subject to Indiana state  
 31 gross income, adjusted gross income, and sales tax laws.

32 SECTION 28. IC 8-22-3-17 IS AMENDED TO READ AS  
 33 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 17. (a) For the purpose  
 34 of raising money to pay all bonds issued under section 16 of this  
 35 chapter and any interest on them, the principal of and interest on any  
 36 outstanding bonds or obligations payable from taxes and assumed  
 37 under section 33 of this chapter, and leases entered into under  
 38 IC 8-22-3.6 that are payable in whole or in part from a property tax  
 39 levy, the board shall levy each year a special tax upon all of the  
 40 property, both real and personal, located within the district in a manner  
 41 and in an amount to meet and pay the principal of the bonds as they  
 42 severally mature, together with all interest accruing on them, and to pay

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1 lease rentals as they become due, after taking into account all other  
2 revenues pledged to the payment of the bonds or lease rentals.

3 (b) The board shall file the tax levied each year with the county  
4 auditor of the county in which the district is located under IC 6-1.1-17.

5 (c) The tax levied shall be collected and enforced by the treasurer  
6 of the county under IC 6-1.1, and as the tax is collected by the treasurer  
7 of the county it shall be paid over to the treasurer of the authority. The  
8 treasurer shall accumulate and keep the tax in a separate fund to be  
9 known as the "airport authority bond fund", which shall be applied to  
10 the payment of the bonds and the interest on them as they severally  
11 mature and to the payment of lease rentals and to no other purposes.

12 (d) The bonds issued under this chapter and the interest on them are  
13 exempt from taxation for all purposes except the financial institutions  
14 tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
15 IC 6-4.1.

16 SECTION 29. IC 8-22-3-18.1 IS AMENDED TO READ AS  
17 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 18.1. (a) The board  
18 may:

- 19 (1) finance capital improvements, including the acquisition of real
- 20 estate;
- 21 (2) refund any bonds; or
- 22 (3) pay any loan contract;

23 by borrowing money and issuing revenue bonds from time to time  
24 under this section.

25 (b) The issuance of revenue bonds must be authorized by ordinance  
26 of the board in at least one (1) series, may bear a date or dates, may  
27 mature at a time or times not exceeding forty (40) years from their  
28 respective dates, may bear interest, may be in a denomination or  
29 denominations, may be in a form, either coupon or registered, may  
30 carry registration and conversion privileges, may be executed in a  
31 manner, may be payable in a medium of payment and at a place or  
32 places, may be subject to terms of redemption, with or without a  
33 premium, may be declared or become due before the maturity date,  
34 may provide for the replacement of mutilated, destroyed, stolen, or lost  
35 bonds, may be authenticated in a manner and upon compliance with  
36 conditions, and may contain other terms and covenants that the  
37 ordinance of the board provides. Notwithstanding the form or tenor of  
38 the bonds, and in the absence of express recitals on their faces that the  
39 bonds are nonnegotiable, the bonds are negotiable instruments.

40 (c) The issuance of revenue bonds must be approved as follows:

- 41 (1) When the authority is established by an eligible entity, by the
- 42 entity's executive.

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- 1 (2) When the authority is established by at least two (2) eligible
- 2 entities acting jointly, by the executive of each of those entities.
- 3 (3) When the authority was established under IC 19-6-2 (before
- 4 its repeal on April 1, 1980), by the executive of the consolidated
- 5 city.
- 6 (4) When the authority was established under IC 19-6-3 (before
- 7 its repeal on April 1, 1980), by the county fiscal body.
- 8 For purposes of this subsection, the entire legislative body of a town is
- 9 considered the executive of the town.
- 10 (d) The bonds must be executed in the name of the authority by the
- 11 president of the board and attested by the secretary, and interest
- 12 coupons may be executed by placing on the interest coupons the
- 13 facsimile signature of the president of the board. The bonds are valid
- 14 and binding obligations of the authority for all purposes,
- 15 notwithstanding that before delivery of the bonds any of the persons
- 16 whose signatures appear on the bonds have ceased to be officers of the
- 17 entity or authority, as if the persons had continued to be officers of the
- 18 entity and authority until after delivery. The validity of the
- 19 authorization and issuance of the bonds is not dependent on or affected
- 20 in any way by proceedings taken for the improvement for which the
- 21 bonds are to be issued, or by contracts made in connection with the
- 22 improvement. An ordinance authorizing revenue bonds must provide
- 23 that a revenue bond contain a recital that the bond is issued under this
- 24 chapter, and a bond containing the recital under authority of an
- 25 ordinance is considered valid and issued in conformity with this
- 26 chapter.
- 27 (e) At the discretion of the board, the revenue bonds shall be sold
- 28 either under the procedures for selling public bonds or at a negotiated
- 29 sale. The bonds may be sold in installments at different times, or an
- 30 entire issue or series may be sold or exchanged at one (1) time. Any
- 31 issue or series of the bond may be sold in part or sold in part in
- 32 installments at different times or at one (1) time.
- 33 (f) The bonds are special obligations of the authority and are
- 34 payable solely from and secured by a lien upon the revenues of all or
- 35 part of the facilities of the authority, as shall be more fully described in
- 36 the ordinance of the board authorizing the issuance of the bonds, and,
- 37 subject to the Constitution and to the prior or superior rights of any
- 38 person, the board may by ordinance pledge and assign for the security
- 39 of the bonds all or part of the gross or net revenues of the enterprise.
- 40 (g) All bonds of the same issue shall be equally and ratably secured,
- 41 without priority by reason of number, date of bonds, of sale, of
- 42 execution, or of delivery, by a lien upon the revenues in accordance

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with this section and the ordinance authorizing the issuance of the bonds.

(h) This chapter does not alter the rights granted to or the agreements made with the holders of any notes, bonds, or other obligations of the board outstanding on April 1, 1980.

(i) The bonds, and interest on the bonds, are not a debt of the authority or the board, nor a charge, a lien, or an encumbrance, legal or equitable, upon property of the board, or upon income, receipts, or revenues of the board other than those revenues of the facilities that have been pledged to the payment of the bonds. Every bond must recite in substance that the bond, including interest, is payable solely from the revenues pledged to the bond's payment, and that the board is under no obligation to pay the bond, except from those revenues.

(j) The bonds and the income from the bonds are exempt from taxation, except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

(k) In order that the payment of the revenue bonds and the interest on the bonds be adequately secured, the board and its officers, agents, and employees shall:

(1) pay or cause to be paid punctually the principal of every bond, and the interest on every bond, on the date or dates and at the place or places and in the manner and out of the funds mentioned in the bonds and in the attached coupons, in accordance with the ordinance authorizing their issuance;

(2) operate the facilities of the authority, the revenues of which are pledged to the bonds, in an efficient and economical manner and establish, levy, maintain, and collect fees, tolls, rentals, rates, and other charges that may be necessary or proper, which must be at least sufficient after making due and reasonable allowance for contingencies and for a margin of error in the estimates:

(A) to pay all current expenses of operation, maintenance, and repair of the facilities;

(B) to pay the interest on and principal of the bonds as the bonds become due and payable;

(C) to comply in all respects with the terms of the ordinance authorizing the issuance of bonds or any other contract or agreement with the holders of the bonds; and

(D) to meet any other obligations of the board that are charges, liens, or encumbrances upon the revenues of the facilities;

(3) operate and maintain the facilities and every part of the facilities in good working order and condition;

(4) preserve the security of the bonds and the rights of the holders,

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1 and warrant and defend the rights against all claims and demands  
 2 of all persons;  
 3 (5) pay the lawful claims for labor, materials, and supplies, which,  
 4 if unpaid, might by law become a lien or charge upon the  
 5 revenues or part of the revenues, superior to the lien of the bonds,  
 6 or that might impair the security of the bonds, to the end that the  
 7 priority and security of the bonds be fully preserved;  
 8 (6) hold in trust the revenues pledged to the payment of the bonds  
 9 for the benefit of the holders of the bonds and apply the revenues  
 10 only as provided by the ordinance authorizing the issuance of the  
 11 bonds or, if the ordinance is modified, as provided in the  
 12 ordinance as modified; and  
 13 (7) keep proper books of record and accounts of the facilities  
 14 (separate from all other records and accounts) in which complete  
 15 and correct entries are made of all transactions relating to the  
 16 facilities or part of the facilities, the revenues of which are  
 17 pledged and that, together with all other books and papers of the  
 18 board, are at all times subject to the inspection of the holder or  
 19 holders of not less than ten percent (10%) of the bonds then  
 20 outstanding or the holder's or the holders' representative duly  
 21 authorized in writing.

22 None of the duties in this subsection require the expenditure in any  
 23 manner or for any purpose by the board of any funds other than  
 24 revenues received or receivable from the enterprise or facilities.

25 (l) The board may insert provisions in an ordinance or a resolution  
 26 authorizing the issuance of revenue bonds, which becomes a part of the  
 27 contract with the holders of the revenue bonds, as to:

28 (1) limitations on the purpose to which the proceeds of sale of any  
 29 issue of revenue bonds, or any notes, bonds, or other obligations  
 30 payable from the revenues to finance the improving of the  
 31 facilities may be applied;  
 32 (2) limitations on the issuance of additional bonds, or additional  
 33 notes, bonds, or other obligations to finance the improving of the  
 34 facilities, including liens;  
 35 (3) limitations on the right of the board to restrict and regulate the  
 36 use of the facilities;  
 37 (4) the amount and kind of insurance to be maintained on the  
 38 facilities and the use and disposition of insurance money;  
 39 (5) pledging all or part of the revenues of the facilities to which  
 40 the board's right exists;  
 41 (6) covenanting against pledging all or part of the revenues of the  
 42 facilities to which its right exists;

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- 1 (7) events of default and terms and conditions upon which the
- 2 bonds become or may be declared due before maturity and as to
- 3 the terms and conditions upon which declaration and its
- 4 consequences may be waived;
- 5 (8) the rights, liabilities, powers, and duties arising upon the
- 6 breach by it of any covenants, conditions, or obligations;
- 7 (9) the vesting in a trust or trustees the right to enforce covenants
- 8 made to secure, to pay, or in relation to the bonds, as to the
- 9 powers and duties of the trustee or trustees, and the limitation of
- 10 liabilities, and as to the terms and conditions upon which the
- 11 holders of the bonds or any proportion or percentage of the
- 12 holders of the bonds may enforce any covenants made or duties
- 13 imposed under this chapter;
- 14 (10) a procedure by which the terms of an ordinance authorizing
- 15 revenue bonds, or any other contract with bondholders, such as an
- 16 indenture of trust or similar instrument, may be amended or
- 17 abrogated and as to the amount of bonds, the holders of which
- 18 must consent to them and the manner in which such consent may
- 19 be given;
- 20 (11) the execution of all instruments necessary or convenient in
- 21 the exercise of the powers granted by this chapter or in the
- 22 performance of the duties of the board and the officers, agents,
- 23 and employees of them;
- 24 (12) refraining from pledging, claiming, or taking the benefit or
- 25 advantage of any stay or extension law whenever enacted, which
- 26 may affect the duties or covenants of the board in relation to the
- 27 bonds, or the performance or the lien of the bonds;
- 28 (13) the purchase out of funds available, including the proceeds
- 29 of revenue bonds, of outstanding notes, bonds, or obligations and
- 30 the price or prices at which and the manner in which purchases
- 31 may be made; and
- 32 (14) other acts and things that may be necessary, convenient, or
- 33 desirable in order to secure the bonds, or that may tend to make
- 34 the bonds more marketable.

35 This section does not authorize the board to make covenants, to  
 36 perform an act, or to do anything that requires the expenditure by the  
 37 board of funds other than revenues received or receivable from the  
 38 facilities.

39 (m) In the event that the board defaults in the payment of the  
 40 principal or interest on any of the revenue bonds after the bonds  
 41 become due, whether at maturity or upon call for redemption, and the  
 42 default continues for a period of thirty (30) days, or in the event that the

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1 board or the board's officers, agents, or employees fail or refuse to  
 2 comply with this chapter or default in an agreement made with the  
 3 holders of the bonds, any holder or holders of revenue bonds, or a  
 4 trustee for the holder or holders of the bonds, has the right to apply in  
 5 an appropriate judicial proceeding to the circuit or superior court of the  
 6 county in which the district is situated, in which the facilities are  
 7 located, or in any court of competent jurisdiction, for the appointment  
 8 of a receiver of the facilities, whether or not the holder, holders, or  
 9 trustee is seeking or has sought to enforce any other right or to exercise  
 10 any remedy in connection with the bonds. Upon application, the circuit  
 11 or superior court may appoint, and if the application is made by the  
 12 holders of twenty-five percent (25%) in principal amount of the bonds  
 13 then outstanding or by a trustee for holders of the bonds in that amount  
 14 shall appoint, a receiver for the enterprise.

15 (n) The receiver appointed shall, directly or by the receiver's agents  
 16 and attorneys, enter into and upon and take possession of the facilities,  
 17 the revenues of which are pledged, and every part of the facilities, and  
 18 may exclude the board, the board's officers, agents, and employees, and  
 19 all persons claiming under them. The receiver may have, hold, use,  
 20 operate, manage, and control the facilities in the name of the board or  
 21 otherwise, as the receiver considers best, and may exercise all rights  
 22 and powers of the board with respect to the facilities as the board itself  
 23 might do. The receiver shall maintain, restore, and insure the facilities,  
 24 shall make all necessary repairs, shall establish, levy, maintain, and  
 25 collect fees, tolls, rentals, and other charges in connection with the  
 26 facilities that the receiver considers necessary or proper and  
 27 reasonable, and shall collect and receive all revenues, deposit the  
 28 revenues in a separate account, and apply the revenues in the manner  
 29 that the court directs.

30 (o) Whenever all that is due upon the revenue bonds and interest on  
 31 the bonds, and upon other notes, bonds, or other obligations, and  
 32 interest on the notes, bonds, or obligations, having a charge, lien, or  
 33 encumbrance on the revenues of the facilities and under the terms of  
 34 covenants or agreements with bondholders has been paid or deposited,  
 35 and all defaults have been cured and made good, the court may in its  
 36 discretion, and after notice and hearing that the court considers  
 37 reasonable and proper, direct the receiver to surrender possession of  
 38 the facilities to the board, with the right of the holders of the bonds to  
 39 secure the appointment of a receiver upon subsequent default  
 40 remaining in force.

41 (p) The receiver shall act under the direction and supervision of the  
 42 court making the appointment and is at all times subject to the orders

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1 and decrees of the court, including possible removal. Nothing  
 2 contained in this section limits or restricts the jurisdiction of the court  
 3 to enter other or further orders and decrees as the court considers  
 4 necessary or appropriate for the exercise by the receiver of functions  
 5 specifically set forth.

6 (q) Subject to contractual limitations binding upon the holders or a  
 7 trustee of an issue of revenue bonds, including but not limited to the  
 8 restrictions of the exercise of a remedy to a specified proportion or  
 9 percentage of the holders, a holder or trustee of the bonds may, for the  
 10 equal benefit and protection of all holders of revenue bonds similarly  
 11 situated:

12 (1) by mandamus or other suit, action, or proceeding at law or in  
 13 equity enforce rights against the board and any of the board's  
 14 officers, agents, and employees and require and compel the board  
 15 or the board's officers, agents, or employees to perform and carry  
 16 out duties and obligations under this chapter and covenant  
 17 agreements with bondholders;

18 (2) by action or suit in equity require the board to account as if the  
 19 board were the trustee of an express trust;

20 (3) by action or suit in equity enjoin any acts or things that may be  
 21 unlawful or in violation of the rights of the bondholders; or

22 (4) bring suit upon the bonds.

23 No remedy conferred by this chapter upon a holder or trustee of  
 24 revenue bonds is intended to be exclusive of any other remedy, but  
 25 each remedy is in addition to every other remedy and may be exercised  
 26 without exhausting and without regard to any other remedy conferred  
 27 by this chapter or by any other law. No waiver of a default or breach of  
 28 duty or contract, whether by a holder or trustee of revenue bonds  
 29 extends to or affects a subsequent default or breach of duty or contract  
 30 or impairs any rights or remedies on them. No delay or omission of a  
 31 bondholder or trustee extends to or affects a subsequent default or  
 32 breach of duty or contract or impairs any rights or remedies. No delay  
 33 or omission of a bondholder or trustee to exercise a right or power  
 34 accruing upon default impairs the right or power or may be construed  
 35 to be a waiver of the default or acquiescence in it. Every substantive  
 36 right and every remedy conferred upon the holders of revenue bonds  
 37 may be enforced and exercised from time to time and as often as is  
 38 expedient. In case any suit, action, or proceeding to enforce a right or  
 39 exercise a remedy is brought or taken and then discontinued or  
 40 abandoned, or is determined adversely to the holder or trustee of the  
 41 revenue bonds, then the board and the holder or trustee shall be  
 42 restored to their former positions and rights and remedies as if no suit,

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1 action, or proceeding had been brought or taken.

2 (r) Refunding or refunding and improvement revenue bonds may be  
3 issued in accordance with the provisions for the refinancing or  
4 refinancing and improving of any of the facilities for which revenue  
5 bonds or a loan contract have been issued or made under this section  
6 or section 19 of this chapter.

7 (s) This section constitutes full authority for the issuance of revenue  
8 bonds. No procedure, proceedings, publications, notices, consents,  
9 approvals, orders, acts, or things by the board, by a board, an officer,  
10 a commission, a department, an agency, or an instrumentality of the  
11 state, or by an eligible entity ~~is~~ **are** required to issue revenue bonds or  
12 to do any act or perform anything under this chapter, except as  
13 presented by this chapter. The powers conferred by this chapter are in  
14 addition to, and not in substitution for, and the limitations imposed by  
15 this section do not affect, the powers conferred in another section of  
16 this chapter or by any other statute.

17 SECTION 30. IC 8-22-3.7-21 IS AMENDED TO READ AS  
18 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 21. (a) All:

- 19 (1) property owned by the development authority;  
20 (2) revenues of the development authority; and  
21 (3) bonds issued by the development authority, the interest on the  
22 bonds, the proceeds received by a holder from the sale of bonds  
23 to the extent of the holder's cost of acquisition, proceeds received  
24 upon redemption before maturity, proceeds received at maturity,  
25 and the receipt of interest in proceeds;

26 are exempt from taxation in Indiana for all purposes except the  
27 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
28 tax imposed under IC 6-4.1.

29 (b) All securities issued under this chapter are exempt from the  
30 registration requirements of IC 23-2-1 and other securities registration  
31 statutes.

32 SECTION 31. IC 14-13-1-38 IS AMENDED TO READ AS  
33 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 38. (a) The commission  
34 is not required to pay any taxes or assessments upon any of the  
35 following:

- 36 (1) A project of the commission.  
37 (2) A facility, betterment, or improvement within a project.  
38 (3) Property acquired or used by the commission under this  
39 chapter or IC 14-6-29 (before its repeal).  
40 (4) The income or revenue from the property.

41 (b) The:

- 42 (1) bonds issued under this chapter or under IC 14-6-29 (before

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1 its repeal);

2 (2) interest on the bonds;

3 (3) proceeds received by a holder from the sale of the bonds to the  
4 extent of the holder's cost of acquisition;

5 (4) proceeds received upon redemption before maturity or  
6 proceeds received at maturity; and

7 (5) receipt of interest and proceeds;

8 are exempt from taxation in Indiana for all purposes except the  
9 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
10 tax imposed under IC 6-4.1.

11 SECTION 32. IC 14-13-2-28 IS AMENDED TO READ AS  
12 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 28. (a) The commission  
13 is not required to pay any taxes or assessments upon any of the  
14 following:

15 (1) A project of the commission.

16 (2) A facility, a betterment, or an improvement within a project.

17 (3) Property acquired or used by the commission under this  
18 chapter or under IC 14-6-29.5 (before its repeal).

19 (4) The income or revenue from the property.

20 (b) The:

21 (1) bonds issued under this chapter or under IC 14-6-29.5 (before  
22 its repeal);

23 (2) interest on the bonds;

24 (3) proceeds received by a holder from the sale of the bonds to the  
25 extent of the holder's cost of acquisition;

26 (4) proceeds received upon redemption before maturity or  
27 proceeds received at maturity; and

28 (5) receipt of interest and proceeds;

29 are exempt from taxation in Indiana for all purposes except the  
30 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
31 tax imposed under IC 6-4.1.

32 SECTION 33. IC 14-14-1-46 IS AMENDED TO READ AS  
33 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 46. (a) The exercise of  
34 the powers granted by this chapter will be in all respects for the benefit  
35 of the people of Indiana and for the increase of their commerce, health,  
36 enjoyment, and prosperity. The operation and maintenance of a park  
37 project by the commission will constitute the performance of essential  
38 governmental functions.

39 (b) The commission is not required to pay taxes or assessments  
40 upon a park project or property acquired or used by the commission  
41 under this chapter or IC 14-3-12 (before its repeal) or upon the income  
42 from the property. The following are exempt from taxation in Indiana

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1 for all purposes except the financial institutions tax imposed under  
2 IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1:

- 3 (1) Bonds issued under this chapter or under IC 14-3-12 (before  
4 its repeal).  
5 (2) Interest on the bonds.  
6 (3) Proceeds:  
7 (A) received by a holder from the sale of bonds to the extent  
8 of the holder's cost of acquisition;  
9 (B) received upon redemption before maturity; or  
10 (C) received at maturity.  
11 (4) Receipt of the interest and proceeds.

12 SECTION 34. IC 15-1.5-9-9 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 9. Interest paid on  
14 bonds issued under this chapter is exempt from taxation for all  
15 purposes, except ~~an inheritance a~~ tax under IC 6-4.1 and for  
16 determining financial institution tax liabilities under IC 6-5.5.

17 SECTION 35. IC 16-22-6-34 IS AMENDED TO READ AS  
18 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 34. The following are  
19 exempt from state taxation except for the financial institutions tax  
20 imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
21 IC 6-4.1:

- 22 (1) Property owned by the authority.  
23 (2) Revenues of the authority.  
24 (3) Bonds or other securities and the interest on bonds and  
25 securities issued by the authority.  
26 (4) Proceeds received by a holder from the sale of the bonds, to  
27 the extent of the holder's cost of acquisition.  
28 (5) Proceeds received upon redemption at or before maturity and  
29 the interest on the proceeds.

30 SECTION 36. IC 16-22-7-39 IS AMENDED TO READ AS  
31 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 39. The following are  
32 exempt from state taxation except the financial institutions tax  
33 **imposed under IC 6-5.5** and the ~~state inheritance tax: taxes imposed~~  
34 **under IC 6-4.1:**

- 35 (1) All property owned by the authority.  
36 (2) All revenues of the authority.  
37 (3) All bonds or other securities issued by the authority and the  
38 interest on the bonds or other securities, the proceeds received by  
39 a holder from the sale of bonds to the extent of the holder's cost  
40 of acquisition, proceeds received upon redemption at or before  
41 maturity, and the interest on the proceeds.

42 SECTION 37. IC 20-12-63-27 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 27. The exercise of the  
 2 powers granted by this chapter will be in all respects for the benefit of  
 3 the people of this state, for the increase of their commerce, welfare, and  
 4 prosperity, and for the improvement of their health and living  
 5 conditions. Because the operation and maintenance of a project by the  
 6 authority or its agent will constitute the performance of an essential  
 7 public function, neither the authority nor its agent shall be required to  
 8 pay any taxes or assessments, including mortgage recording taxes,  
 9 upon or in respect of:

- 10 (1) a project or any property acquired or used by the authority or  
 11 its agent under the provisions of this chapter or upon the income  
 12 from the project or property;  
 13 (2) the bonds issued under the provisions of this chapter or the  
 14 interest on those bonds; and  
 15 (3) the proceeds received from bonds issued under this chapter:  
 16 (A) by a holder from the sale of such bonds, to the extent of  
 17 the holder's cost of acquisition;  
 18 (B) upon redemption prior to maturity; or  
 19 (C) at maturity.

20 All bonds and the interest on bonds issued under this chapter are  
 21 exempt from taxation in the state of Indiana for all purposes except the  
 22 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 23 tax imposed under IC 6-4.1.

24 SECTION 38. IC 21-9-7-3 IS AMENDED TO READ AS  
 25 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3. An individual  
 26 account is not an asset for the purposes of IC 6-4.1-2 (**repealed July**  
 27 **1, 2008**).

28 SECTION 39. IC 27-1-29-17 IS AMENDED TO READ AS  
 29 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 17. (a) As used in this  
 30 section:

- 31 (1) "basic fund" refers to the political subdivision risk  
 32 management fund established by this chapter; and  
 33 (2) "catastrophic fund" refers to the political subdivision  
 34 catastrophic liability fund established by IC 27-1-29.1.

35 (b) The commission may issue its bonds or notes in amounts that it  
 36 considers necessary to provide funds to:

- 37 (1) establish or maintain the reserve account in the catastrophic  
 38 fund provided for in IC 27-1-29.1-8;  
 39 (2) provide for the payment of liabilities payable out of the basic  
 40 fund to the extent such liabilities exceed the money in the basic  
 41 fund; and  
 42 (3) pay, fund, or refund, regardless of when due, the principal of



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1           or interest or redemption premiums on bonds or notes issued  
2           under subdivision (1) or (2).

3           Bonds or notes issued under subdivision (2) must mature within three  
4           (3) years after their date of issuance.

5           (c) The bonds or notes of the commission may be issued and sold by  
6           the commission to the Indiana bond bank under IC 5-1.5.

7           (d) Every issue of bonds or notes is an obligation of the commission.  
8           An issue of bonds or notes under subsection (b)(1) is payable solely  
9           from assessments imposed by the commission under IC 27-1-29.1 on  
10          political subdivisions that are members of the catastrophic fund, and  
11          the commission may secure such bonds or notes by a pledge of  
12          assessments imposed under IC 27-1-29.1. An issue of bonds or notes  
13          under subsection (b)(2) is payable solely from assessments imposed by  
14          the commission under section 12 of this chapter on political  
15          subdivisions that are members of the basic fund, and the commission  
16          may secure such bonds or notes by a pledge of assessments imposed  
17          under section 12 of this chapter.

18          (e) A bond or note of the commission:

19               (1) is not a debt, liability, loan of credit, or pledge of the faith and  
20               credit of the state; and

21               (2) must contain on its face a statement that the commission is  
22               obligated to pay principal and interest, and the redemption  
23               premium, if any, and that the faith, credit, and taxing power of the  
24               state are not pledged to the payment of the bond or note.

25          (f) The state pledges to and agrees with the holders of the bonds or  
26          notes issued under this chapter that the state will not:

27               (1) limit or restrict the rights vested in the commission to fulfill  
28               the terms of any agreement made with the holders of its bonds or  
29               notes; or

30               (2) in any way impair the rights or remedies of the holders of the  
31               bonds or notes;

32          until the bonds or notes, together with the interest on the bonds or  
33          notes, and interest on unpaid installments of interest, and all costs and  
34          expenses in connection with an action or proceeding by or on behalf of  
35          the holders, are fully met, paid, and discharged.

36          (g) The bonds or notes of the commission are negotiable instruments  
37          for all purposes of IC 26-1, subject only to the provisions of the bonds  
38          and notes for registration.

39          (h) Bonds or notes of the commission must be authorized by  
40          resolution of the commission, may be issued in one (1) or more series,  
41          and must:

42               (1) bear the date;

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- 1 (2) mature at the time or times;
- 2 (3) be in the denomination;
- 3 (4) be in the form;
- 4 (5) carry the conversion or registration privileges;
- 5 (6) have the rank or priority;
- 6 (7) be executed in the manner;
- 7 (8) be payable from the sources in the medium of payment at the
- 8 place inside or outside the state; and
- 9 (9) be subject to the terms of redemption;

10 as the resolution of the commission or the trust agreement securing the  
 11 bonds or notes provides.

12 (i) Bonds or notes may be issued under this chapter without  
 13 obtaining the consent of any agency of the state and without any other  
 14 proceeding or condition other than the proceedings or conditions  
 15 specified in this chapter.

16 (j) The rate or rates of interest on the bonds or notes may be fixed  
 17 or variable. Variable rates shall be determined in the manner and in  
 18 accordance with the procedures set forth in the resolution authorizing  
 19 the issuance of the bonds or notes. Bonds or notes bearing a variable  
 20 rate of interest may be converted to bonds or notes bearing a fixed rate  
 21 or rates of interest, and bonds or notes bearing a fixed rate or rates of  
 22 interest may be converted to bonds or notes bearing a variable rate of  
 23 interest, to the extent and in the manner set forth in the resolution  
 24 pursuant to which the bonds or notes are issued. The interest on bonds  
 25 or notes may be payable semiannually or annually or at any other  
 26 interval or intervals as may be provided in the resolution, or the interest  
 27 may be compounded and paid at maturity or at any other times as may  
 28 be specified in the resolution.

29 (k) The bonds or notes may be made subject, at the option of the  
 30 holders, to mandatory redemption by the commission at the times and  
 31 under the circumstances set forth in the authorizing resolution.

32 (l) Bonds or notes of the commission may be sold at public or  
 33 private sale at such price, either above or below the principal amount,  
 34 as the commission fixes. If bonds or notes of the commission are to be  
 35 sold at public sale, the commission shall comply with IC 5-1-11 and  
 36 shall publish notice of the sale in accordance with IC 5-3-1-2 in two (2)  
 37 newspapers published and of general circulation in Indianapolis.

38 (m) The commission may periodically issue its notes under this  
 39 chapter and pay and retire the principal of the notes, pay the interest  
 40 due on the notes, or fund or refund the notes from proceeds of bonds or  
 41 of other notes or from other funds or money of the commission  
 42 available for that purpose in accordance with a contract between the

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commission and the holders of the notes.

(n) The commission may secure any bonds or notes issued under this chapter by a trust agreement by and between the commission and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or outside Indiana.

(o) The trust agreement or the resolution providing for the issuance of the bonds or notes may contain provisions for protecting and enforcing the rights and remedies of the holders of any such bonds or notes as are reasonable and proper and not in violation of law.

(p) The trust agreement or resolution may set forth the rights and remedies of the holders of any bonds or notes and of the trustee and may restrict the individual right of action by the holders.

(q) In addition to the provisions of subsections (n) through (p), any trust agreement or resolution may contain other provisions the commission considers reasonable and proper for the security of the holders of any bonds or notes.

(r) All expenses incurred in carrying out the provisions of the trust agreement or resolution may be paid from assessments, revenues, or assets pledged or assigned to the payment of the principal of and the interest on bonds and notes or from any other funds available to the commission.

(s) Notwithstanding the restrictions of any other law, all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds or notes issued under this chapter.

(t) All bonds or notes issued under this chapter are issued by a body corporate and politic of this state, but not a state agency, and for an essential public and government purpose and the bonds and notes, the interest thereon, the proceeds received by a holder from the sale of the bonds or notes to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, and proceeds received at maturity, and the receipt of the interest and proceeds are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 40. IC 28-5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 2. If any certificate holder of any industrial loan and investment company shall die, leaving unpledged certificates in such company and no executor of his will or administrator of his estate has been appointed, such company, upon

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1 receiving a waiver from the inheritance tax administrator (**or, after the**  
 2 **elimination of the office of inheritance tax administrator, from the**  
 3 **department of state revenue**) under IC 6-4.1, may, in its discretion,  
 4 pay the value of such certificates to the widow, widower, or next of kin,  
 5 or may apply the value of such certificates to the payment of funeral  
 6 expenses or the expenses of the last sickness or other just debts of the  
 7 decedent. As a condition of such payment, such company shall require  
 8 proof by affidavit as to the parties in interest and shall also require the  
 9 filing of proper waivers and the execution of a bond of indemnity with  
 10 proper sureties from the parties interested, and a proper acquittance and  
 11 receipt for such payment by the person to whom such payment is made  
 12 shall fully release the company, and such company shall not thereafter  
 13 be held liable to the decedent's executor or administrator thereafter  
 14 appointed, or to any other person.

15 SECTION 41. IC 29-1-17-14 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. (a) If, after an estate  
 17 has been settled and the personal representative discharged, other  
 18 property of the estate shall be discovered, or if it shall appear that any  
 19 necessary act remains unperformed on the part of the personal  
 20 representative, or for any other proper cause, the court, upon the  
 21 petition of the discharged personal representative or any person  
 22 interested in the estate and, without notice or upon such notice as it  
 23 may direct, may order that said estate be reopened. It may reappoint the  
 24 personal representative or appoint another personal representative to  
 25 administer such property or perform such act as may be deemed  
 26 necessary. Unless the court shall otherwise order, the provisions of this  
 27 article as to an original administration shall apply to the proceedings  
 28 had in the reopened administration so far as may be, but no claim  
 29 which is already barred can be asserted in the reopened administration.

30 (b) Whenever any solvent estate has been closed, and it thereafter  
 31 appears that any assets thereof have not been fully administered upon,  
 32 the court may, if it appears practicable, order such assets distributed to,  
 33 or title vested in, the persons entitled thereto after compliance with  
 34 requirements as to ~~an inheritance~~ a tax imposed under IC 6-4.1, in lieu  
 35 of reopening the estate as provided in the preceding subsection. No  
 36 additional notice of such proceedings shall be necessary unless so  
 37 ordered by the court.

38 SECTION 42. IC 29-1-17-15.1 IS AMENDED TO READ AS  
 39 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 15.1. (a) Whenever any  
 40 person has died leaving property or any interest therein and no general  
 41 administration has been commenced on his estate in this state, nor has  
 42 any will been offered for probate in this state, within five (5) months

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1 after his death, any person claiming an interest in such property as heir  
2 or through an heir may file a petition in any court which would be of  
3 proper venue for the administration of such decedent's estate, to  
4 determine the heirs of said decedent and their respective interests as  
5 heirs in the estate.

6 (b) The petition shall state:

- 7 (1) the name, age, domicile and date of death of the decedent;
- 8 (2) the names, ages and residence addresses of the heirs, so far as  
9 known or can with reasonable diligence be ascertained;
- 10 (3) the names and residence addresses of any persons claiming  
11 any interest in such property through an heir, so far as known or  
12 can by reasonable diligence be ascertained;
- 13 (4) a particular description of the property with respect to which  
14 such determination is sought; **and**
- 15 (5) the net value of the estate.

16 (c) Upon the filing of the petition, the court shall fix the time for the  
17 hearing thereof, notice of which shall be given to:

- 18 (1) all persons known or believed to claim any interest in the  
19 property as heir or through an heir of the decedent;
- 20 (2) all persons who may at the date of the filing of the petition be  
21 shown by the records of conveyances of the county in which any  
22 real property described in such petition is located to claim any  
23 interest therein through the heirs of the decedent; and
- 24 (3) any unknown heirs of the decedent.

25 Such notice shall be given by publication and in addition, personal  
26 notice by registered mail shall be given to every such person whose  
27 address is known to the petitioner. Upon satisfactory proofs, including  
28 proof of compliance with ~~inheritance~~ **the tax laws of this state set forth**  
29 **in IC 6-4.1**, the court shall make a decree determining the heirs of said  
30 decedent and their respective interests as heirs in said property.

31 (d) A certified copy of the decree shall be recorded at the expense  
32 of the petitioner in each county in which any real property described  
33 therein is situated except the county in which the decree is entered, and  
34 shall be conclusive evidence of the facts determined therein as against  
35 all parties to the proceedings.

36 SECTION 43. IC 29-3-3-3 IS AMENDED TO READ AS  
37 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3. Except as otherwise  
38 determined in a dissolution of marriage proceeding, a custody  
39 proceeding, or in some other proceeding authorized by law, including  
40 a proceeding under section 6 of this chapter or another proceeding  
41 under this article, and unless a minor is married, the parents of the  
42 minor jointly (or the survivor if one (1) parent is deceased), if not an

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1 incapacitated person, have, without the appointment of a guardian,  
 2 giving of bond, or order or confirmation of court, the right to custody  
 3 of the person of the minor and the power to execute the following on  
 4 behalf of the minor:

5 (1) Consent to the application of subsection (c) of Section 2032A  
 6 of the Internal Revenue Code, which imposes personal liability  
 7 for payment of the tax under that Section.

8 (2) Consent to the application of Section 6324A of the Internal  
 9 Revenue Code, which attaches a lien to property to secure  
 10 payment of taxes deferred under Section 6166 of the Internal  
 11 Revenue Code.

12 (3) Any other consents, waivers, or powers of attorney provided  
 13 for under the Internal Revenue Code.

14 (4) Waivers of notice permissible with reference to proceedings  
 15 under IC 29-1.

16 (5) Consents, waivers of notice, or powers of attorney under any  
 17 statute, including the ~~Indiana inheritance tax law (IC 6-4.1)~~, **laws**  
 18 **set forth in IC 6-4.1**, the Indiana gross income tax law (IC 6-2.1),  
 19 and the Indiana adjusted gross income tax law (IC 6-3).

20 (6) Consent to unsupervised administration as provided in  
 21 IC 29-1-7.5.

22 (7) Federal and state income tax returns.

23 (8) Consent to medical or other professional care, treatment, or  
 24 advice for the minor's health and welfare.

25 SECTION 44. IC 30-4-1-2, AS AMENDED BY P.L.41-2000,  
 26 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 27 JULY 1, 2001]: Sec. 2. As used in this article:

28 (1) "Adult" means any person eighteen (18) years of age or older.

29 (2) "Affiliate" means a parent, descendant, spouse, spouse of a  
 30 descendant, brother, sister, spouse of a brother or sister,  
 31 employee, director, officer, partner, joint venturer, a corporation  
 32 subject to common control with the trustee, a shareholder, or  
 33 corporation who controls the trustee or a corporation controlled  
 34 by the trustee other than as a fiduciary.

35 (3) "Beneficiary" means any cestui que trust or person named or  
 36 a member of the class designated in the terms of the trust to be  
 37 any person or class of persons for whose benefit the title to the  
 38 trust property is held and for whom the trust is to be administered.

39 (4) "Breach of trust" means a violation by the trustee of any duty  
 40 which is owed to the settlor or beneficiary.

41 (5) "Charitable trust" means a trust in which all the beneficiaries  
 42 are the general public or organizations, including trusts,

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corporations, and associations, and that is organized and operated wholly for religious, charitable, scientific, public safety testing, literary, or educational purposes. The term does not include charitable remainder trusts, charitable lead trusts, pooled income funds, or any other form of split-interest charitable trust that has at least one (1) noncharitable beneficiary.

(6) "Court" means a court having jurisdiction over trust matters.

(7) "Income beneficiary" means a beneficiary to whom income is presently payable or for whom it is accumulated for distribution as income.

(8) "Inventory value" means the cost of property to the settlor or the trustee at the time of acquisition or the market value of the property at the time it is delivered to the trustee, or the value of the property as finally determined for purposes of ~~an estate or inheritance~~ **a tax law set forth in IC 6-4.1.**

(9) "Minor" means any person under the age of eighteen (18) years.

(10) "Person" means a natural person, corporation, or a unit, agency, or other subdivision of national, state, or local government.

(11) "Personal representative" means an executor or administrator of a decedent's or absentee's estate, guardian of the person or estate, guardian ad litem or other court appointed representative, next friend, parent or custodian of a minor, attorney in fact, or custodian of an incapacitated person (as defined in IC 29-3-1-7.5).

(12) "Remainderman" means a beneficiary entitled to principal, including income which has been accumulated and added to the principal.

(13) "Settlor" means a person who establishes a trust including the testator of a will under which a trust is created.

(14) "Trust estate" means the trust property and the income derived from its use.

(15) "Trust for a benevolent public purpose" means a charitable trust (as defined in subdivision (5)), a split-interest trust (as defined in Section 4947 of the Internal Revenue Code), and any other form of split-interest charitable trust that has both charitable and noncharitable beneficiaries, including but not limited to charitable remainder trusts, charitable lead trusts, and charitable pooled income funds.

(16) "Trust property" means property either placed in trust or purchased or otherwise acquired by the trustee for the trust

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1 regardless of whether the trust property is titled in the name of the  
2 trustee or the name of the trust.

3 (17) "Trustee" means the person who is charged with the  
4 responsibility of administering the trust and includes a successor  
5 or added trustee.

6 SECTION 45. IC 30-4-5-11 IS AMENDED TO READ AS  
7 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. (a) The following  
8 charges shall be made against income:

9 (1) Ordinary expenses incurred in the administration,  
10 management, or preservation of the trust property, including but  
11 not limited to regularly recurring taxes assessed against any  
12 portion of the principal, water rates, premiums on insurance taken  
13 upon the interests of the income beneficiary, remainderman, or  
14 trustee, interest paid by the trustee, and ordinary repairs.

15 (2) A reasonable allowance for depreciation on property subject  
16 to depreciation under generally accepted accounting principles,  
17 but no allowance may be made for depreciation of that portion of  
18 any real property used by a beneficiary as a residence or for  
19 depreciation of any property held by the trustee on September 2,  
20 1971, for which ~~he~~ **the trustee** is not then making an allowance  
21 for depreciation.

22 (3) Fifty percent (50%) of court costs, attorney's fees, and other  
23 fees on periodic judicial accounting, unless the court directs  
24 otherwise.

25 (4) Court costs, attorney's fees, and other fees on other  
26 accountings or judicial proceedings if the matter primarily  
27 concerns the income interest unless the court directs otherwise.

28 (5) Fifty percent (50%) of the trustee's regular compensation and  
29 fifty percent (50%) of the fee of an agent of the trustee charged in  
30 lieu of all or part of the trustee's regular compensation, whether  
31 based on a percentage of principal or income, and all expenses  
32 reasonably incurred by ~~him~~ **the trustee** for current management  
33 of principal and application of income.

34 (6) Any tax levied upon receipts defined as income under this  
35 article or the trust instrument and payable by the trustee.

36 (b) If charges against income are of unusual amount, the trustee  
37 may, by means of reserves or other reasonable means, charge them over  
38 a reasonable period of time and withhold from distribution sufficient  
39 sums to regularize distributions.

40 (c) The following charges shall be made against principal:

41 (1) Compensation of the trustee and an agent of the trustee not  
42 chargeable to income under subsection (a)(4) and (a)(5), special

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1 compensation of the trustee and an agent of the trustee, expenses  
 2 reasonably incurred in connection with principal, the court costs  
 3 and attorney's fees primarily concerning matters of principal, and  
 4 the compensation of the trustee and an agent of the trustee  
 5 computed on the principal as an acceptance, distribution, or  
 6 termination fee. However, if in the judgment of the trustee the  
 7 charging of all or part of the compensation to the principal is  
 8 impracticable because of the lack of sufficient principal cash and  
 9 readily marketable intangible personal property or inadvisable  
 10 because of the nature of the assets, all or part of the compensation  
 11 may be paid out of income. The decision of the trustee to pay a  
 12 larger portion or all of the compensation out of income is  
 13 conclusive, and the income of the trust is not entitled to  
 14 reimbursement from the principal at any subsequent time.

15 (2) Charges not provided for in subsection (a), including the cost  
 16 of investing and reinvesting principal, the payments on principal  
 17 of an indebtedness (including a mortgage amortized by periodic  
 18 payments or principal), expenses for preparation of property for  
 19 rental or sale, and, unless the court directs otherwise, expenses  
 20 incurred in maintaining or defending any action to construe the  
 21 trust or protect it or the property or assure the title of any trust  
 22 property.

23 (3) Extraordinary repairs or expenses incurred in making a capital  
 24 improvement to principal, including special assessments, but a  
 25 trustee may establish an allowance for depreciation out of income  
 26 to the extent permitted by subsection (a)(2) of this section and by  
 27 sections 6 and 7 of this chapter.

28 (4) Any tax levied upon profit, gain, or other receipts allocated to  
 29 principal notwithstanding characterization of the tax as an income  
 30 tax by the taxing authority.

31 (5) If ~~an estate or inheritance~~ a tax is levied **under IC 6-4.1** in  
 32 respect to a trust in which both an income beneficiary and a  
 33 remainderman have an interest, any amount apportioned to the  
 34 trust, including interest and penalties, even though the income  
 35 beneficiary also has rights in the principal.

36 (d) Regularly recurring charges payable from income shall be  
 37 apportioned to the same extent and in the same manner that income is  
 38 apportioned under section 3 of this chapter.

39 SECTION 46. IC 33-19-5-6 IS AMENDED TO READ AS  
 40 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. (a) Except as  
 41 provided under subsection (c), for each action filed under:

42 (1) IC 6-4.1-5 (determination of inheritance tax, **based on a cause**

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1 **of action arising before the repeal of IC 6-4.1-5);**

2 (2) IC 29 (probate); and

3 (3) IC 30 (trusts and fiduciaries);

4 the clerk shall collect from the party filing the action a probate costs fee  
5 of one hundred twenty dollars (\$120).

6 (b) In addition to the probate costs fee collected under this section,  
7 the clerk shall collect from the party filing the action a document fee if  
8 it is required under IC 33-19-6.

9 (c) A clerk may not collect a court costs fee for the filing of the  
10 following exempted actions:

11 (1) Petition to open a safety deposit box.

12 (2) Filing an inheritance tax return (**where a return is due before**  
13 **the repeal of IC 6-4.1-2**), unless proceedings other than the  
14 court's approval of the return become necessary.

15 (3) Offering a will for probate under IC 29-1-7, unless  
16 proceedings other than admitting the will to probate become  
17 necessary.

18 SECTION 47. IC 34-24-1-5 IS AMENDED TO READ AS  
19 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) If:

20 (1) the court has entered judgment in favor of the state, and a unit  
21 (if appropriate) concerning property that is subject to seizure  
22 under this chapter; and

23 (2) a person:

24 (A) holding a valid lien, mortgage, security interest, or interest  
25 under a conditional sales contract; or

26 (B) who is a co-owner of the property;

27 did not know of the illegal use;

28 the court shall determine whether the secured interest or the co-owner's  
29 interest is equal to or in excess of the appraised value of the property.

30 (b) Appraised value is to be determined as of the date of judgment  
31 on a wholesale basis by:

32 (1) agreement between the secured party or the co-owner and the  
33 prosecuting attorney; or

34 (2) the inheritance tax appraiser for the county in which the action  
35 is brought (**before the elimination of the office of inheritance**  
36 **tax appraiser**).

37 (c) If the amount:

38 (1) due to the secured party; or

39 (2) of the co-owner's interest;

40 is equal to or greater than the appraised value of the property, the court  
41 shall order the property released to the secured party or the co-owner.

42 (d) If the amount:

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1 (1) due the secured party; or  
 2 (2) of the co-owner's interest;  
 3 is less than the appraised value of the property, the holder of the  
 4 interest or the co-owner may pay into the court an amount equal to the  
 5 owner's equity, which shall be the difference between the appraised  
 6 value and the amount of the lien, mortgage, security interest, interest  
 7 under a conditional sales contract, or co-owner's interest. Upon such  
 8 payment, the state or unit, or both, shall relinquish all claims to the  
 9 property, and the court shall order the payment deposited as provided  
 10 in section 4(d) of this chapter.

11 (e) If the seized property is a vehicle and if the security holder or the  
 12 co-owner elects not to make payment as stated in subsection (d), the  
 13 vehicle shall be disposed of in accordance with section 4(c) of this  
 14 chapter.

15 SECTION 48. IC 34-24-2-5 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) If a person  
 17 holding a valid lien, mortgage, security interest, or interest under a  
 18 conditional sales contract did not know the property was the object of  
 19 corrupt business influence, the court shall determine whether the  
 20 secured interest is equal to or in excess of the appraised value of the  
 21 property.

22 (b) Appraised value is to be determined as of the date of judgment  
 23 on a wholesale basis by:

- 24 (1) agreement between the secured party and the prosecuting  
 25 attorney; or
- 26 (2) the inheritance tax appraiser for the county in which the action  
 27 is brought **(before the elimination of the office of inheritance  
 28 tax appraiser)**.

29 (c) If the amount due to the secured party is equal to or greater than  
 30 the appraised value of the property, the court shall order the property  
 31 released to the secured party.

32 (d) If the amount due the secured party is less than the appraised  
 33 value of the property, the holder of the interest may pay into the court  
 34 an amount equal to the owner's equity, which shall be the difference  
 35 between the appraised value and the amount of the lien, mortgage,  
 36 security interest, or interest under a conditional sales contract. Upon  
 37 payment, the state or unit, or both, shall relinquish all claims to the  
 38 property.

39 SECTION 49. IC 36-7-14.5-23 IS AMENDED TO READ AS  
 40 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 23. All:

- 41 (1) property owned by the authority;
- 42 (2) revenues of the authority; and

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1 (3) bonds issued by the authority, the interest on the bonds, the  
 2 proceeds received by a holder from the sale of bonds to the extent  
 3 of the holder's cost of acquisition, proceeds received upon  
 4 redemption before maturity, proceeds received at maturity, and  
 5 the receipt of interest in proceeds;  
 6 are exempt from taxation in Indiana for all purposes except the  
 7 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 8 tax imposed under IC 6-4.1.

9 SECTION 50. IC 36-7-15.3-19 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 19. All:

- 11 (1) property owned by the authority;
- 12 (2) revenues of the authority; and
- 13 (3) bonds issued by the authority, the interest on the bonds, the  
 14 proceeds received by a holder from the sale of bonds to the extent  
 15 of the holder's cost of acquisition, proceeds received upon  
 16 redemption before maturity, proceeds received at maturity, and  
 17 the receipt of interest in proceeds;  
 18 are exempt from taxation in Indiana for all purposes except the  
 19 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
 20 tax imposed under IC 6-4.1.

21 SECTION 51. IC 36-7-23-48 IS AMENDED TO READ AS  
 22 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 48. All property, both  
 23 tangible and intangible, acquired or held by the authority under this  
 24 chapter is public property used for public and governmental purposes.  
 25 All the property, along with the income from the property, is exempt  
 26 from all taxes imposed by the state or a political subdivision, except for  
 27 the financial institutions tax imposed under IC 6-5.5 or a ~~state~~  
 28 ~~inheritance the estate~~ tax imposed under IC 6-4.1.

29 SECTION 52. IC 36-9-3-31 IS AMENDED TO READ AS  
 30 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 31. (a) This section  
 31 applies to an authority that includes a county having a population of  
 32 more than four hundred thousand (400,000) but less than seven  
 33 hundred thousand (700,000).

34 (b) The authority may issue revenue or general obligation bonds  
 35 under this section.

36 (c) The board may issue revenue bonds of the authority for the  
 37 purpose of procuring money to pay the cost of acquiring real or  
 38 personal property for the purpose of this chapter. The issuance of bonds  
 39 must be authorized by resolution of the board and approved by the  
 40 county fiscal bodies of the counties in the authority before issuance.  
 41 The resolution must provide for the amount, terms, and tenor of the  
 42 bonds, and for the time and character of notice and mode of making

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1 sale of the bonds.

2 (d) The bonds are payable at the times and places determined by the  
3 board, but they may not run more than thirty (30) years after the date  
4 of their issuance and must be executed in the name of the authority by  
5 an authorized officer of the board and attested by the secretary. The  
6 interest coupons attached to the bonds may be executed by placing on  
7 them the facsimile signature of the authorized officer of the board.

8 (e) The president of the authority shall manage and supervise the  
9 preparation, advertisement, and sale of the bonds, subject to the  
10 authorizing ordinance. Before the sale of bonds, the president shall  
11 cause notice of the sale to be published in accordance with IC 5-3-1,  
12 setting out the time and place where bids will be received, the amount  
13 and maturity dates of the issue, the maximum interest rate, and the  
14 terms and conditions of sale and delivery of the bonds. The bonds shall  
15 be sold in accordance with IC 5-1-11. After the bonds have been  
16 properly sold and executed, the executive director or president shall  
17 deliver them to the controller of the authority and take his receipt for  
18 them, and shall certify to the treasurer the amount that the purchaser is  
19 to pay, together with the name and address of the purchaser. On  
20 payment of the purchase price the controller shall deliver the bonds to  
21 the purchaser, and the controller and executive director or president  
22 shall report their actions to the board.

23 (f) General obligation bonds issued under this section are subject to  
24 the provisions of IC 5-1 and IC 6-1.1-20 relating to the filing of a  
25 petition requesting the issuance of bonds, the appropriation of the  
26 proceeds of bonds, the right of taxpayers to appeal and be heard on the  
27 proposed appropriation, the approval of the appropriation by the state  
28 board of tax commissioners, the right of taxpayers to remonstrate  
29 against the issuance of bonds, and the sale of bonds for not less than  
30 their par value.

31 (g) Notice of the filing of a petition requesting the issuance of  
32 bonds, notice of determination to issue bonds, and notice of the  
33 appropriation of the proceeds of the bonds shall be given by posting in  
34 the offices of the authority for a period of one (1) week and by  
35 publication in accordance with IC 5-3-1.

36 (h) The bonds are not a corporate indebtedness of any unit, but are  
37 an indebtedness of the authority as a municipal corporation. A suit to  
38 question the validity of the bonds issued or to prevent their issuance  
39 may not be instituted after the date set for sale of the bonds, and after  
40 that date the bonds may not be contested for any cause.

41 (i) The bonds issued under this section and the interest on them are  
42 exempt from taxation for all purposes except the financial institutions

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1 tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under  
2 IC 6-4.1.

3 SECTION 53. IC 36-9-25-27 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 27. (a) To raise money  
5 to pay for the property and the construction, and in anticipation of the  
6 special tax to be levied as provided in sections 19 and 29 of this  
7 chapter, the board may have issued, in the name of the municipality,  
8 the bonds of the district. The bonds may not exceed in amount the  
9 estimated cost of all land, rights-of-way, and other property to be  
10 acquired and the estimated cost of all construction as provided in the  
11 resolution, including all expenses necessarily incurred in connection  
12 with the proceedings, together with a sum sufficient to pay the cost of  
13 supervision and inspection during the period of construction. The  
14 expenses to be covered by the bond issue include all expenses of every  
15 kind actually incurred preliminary to acquisition of the property and the  
16 construction of the work, such as the cost of necessary records,  
17 engineering expenses, publication of notices, salaries, and other  
18 expenses.

19 (b) If different parcels of land are to be acquired, or if more than one  
20 (1) contract for work is let by the board at approximately the same  
21 time, whether under one (1) or more resolutions of the board, the  
22 estimated cost may be combined in one (1) bond issue. The bonds shall  
23 be issued in denominations of at least one thousand dollars (\$1,000)  
24 each and shall have a final maturity of not later than fifty (50) years  
25 from the date of issue. The bonds are negotiable unless registered, but  
26 may be made registrable for principal only or principal and interest.  
27 The bonds may be made redeemable before the stated maturities on  
28 terms and conditions and at the premiums that the board determines in  
29 the resolution authorizing the issuance of the bonds.

30 (c) Upon adoption of a resolution ordering bonds, the board shall  
31 certify a copy of the resolution to the municipal fiscal officer, who shall  
32 then prepare the bonds. The municipal executive shall execute the  
33 bonds and the fiscal officer shall attest them. The bonds and interest are  
34 exempt from taxation for all purposes, except the financial institutions  
35 tax imposed under IC 6-5.5 or ~~an inheritance~~ a tax imposed under  
36 IC 6-4.1. All bonds issued by the board shall be sold by the fiscal  
37 officer to the highest bidder, but not for less than par, after giving  
38 notice of the sale by publication in accordance with IC 5-3-1.

39 (d) The bonds are not a corporate obligation or indebtedness of the  
40 municipality, but constitute an indebtedness of the district as a special  
41 taxing district. Except as provided in section 29(c) of this chapter, the  
42 bonds and interest are payable only out of a special tax levied upon all

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1 the property of the district as provided in this chapter. The bonds must  
2 recite these terms upon their face, together with the purpose for which  
3 they are issued.

4 (e) The board may sell bonds of the district to run for a period of  
5 five (5) years from the date of sale. The five (5) year bonds are exempt  
6 from taxation for all purposes except for the financial institutions tax  
7 imposed under IC 6-5.5. The board may sell bonds of the district in  
8 series for the purpose of refunding at any time the five (5) year bonds.  
9 Actions questioning the validity of the bonds issued or to prevent their  
10 issue may not be brought after the date set for the sale of the bonds, and  
11 all bonds are incontestable for any cause after that date.

12 (f) The total amount of the bond issue, including bonds already  
13 issued and to be issued, may not exceed twelve percent (12%) of the  
14 total adjusted value of taxable property in the district as determined  
15 under IC 36-1-15. All bonds issued in violation of this subsection are  
16 void.

17 SECTION 54. IC 36-10-9.1-22 IS AMENDED TO READ AS  
18 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 22. All:

- 19 (1) property owned by the authority;
- 20 (2) revenues of the authority; and
- 21 (3) bonds issued by the authority, the interest on the bonds, the  
22 proceeds received by a holder from the sale of bonds to the extent  
23 of the holder's cost of acquisition, proceeds received upon  
24 redemption before maturity, proceeds received at maturity, and  
25 the receipt of interest in proceeds;

26 are exempt from taxation in Indiana for all purposes except the  
27 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
28 tax imposed under IC 6-4.1.

29 SECTION 55. IC 36-10-10-24 IS AMENDED TO READ AS  
30 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 24. All:

- 31 (1) property owned by the authority;
- 32 (2) revenues of the authority; and
- 33 (3) bonds or other securities issued by the authority, the interest  
34 on them, the proceeds received by a holder from the sale of bonds  
35 to the extent of the holder's cost of acquisition, proceeds received  
36 upon redemption prior to maturity, proceeds received at maturity,  
37 and the receipt of interest and proceeds;

38 are exempt from taxation in Indiana for all purposes except the  
39 financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~  
40 tax imposed under IC 6-4.1.

41 SECTION 56. THE FOLLOWING ARE REPEALED [EFFECTIVE  
42 JULY 1, 2003]: IC 6-4.1-1-2; IC 6-4.1-1-3; IC 6-4.1-1-14; IC 6-4.1-2;

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- 1 IC 6-4.1-3; IC 6-4.1-4; IC 6-4.1-5; IC 6-4.1-6; IC 6-4.1-7; IC 6-4.1-8;
- 2 IC 6-4.1-9; IC 6-4.1-12-1; IC 6-4.1-12-2; IC 6-4.1-12-4; IC 6-4.1-12-8;
- 3 IC 6-4.1-12-9; IC 6-4.1-12-10.

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