PREVAILED Roll Call No. _______

FAILED Ayes _______

WITHDRAWN Noes _______

RULED OUT OF ORDER

HOUSE MOTION ____

MR. SPEAKER:

I move that House Bill 1004 be recommitted to a Committee of One, its sponsor, with specific instructions to amend as follows:

Replace the effective date in SECTION 6 with "[EFFECTIVE JULY 1, 2002]".

Replace the effective date in SECTION 65 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTION 66 with "[EFFECTIVE DECEMBER 1, 2002]".

Replace the effective date in SECTION 67 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective date in SECTIONS 69 through 77 with "[EFFECTIVE JANUARY 1, 2004]".

Replace the effective dates in SECTIONS 78 through 83 with "[EFFECTIVE DECEMBER 1, 2002]".

Replace the effective date in SECTION 320 with "[EFFECTIVE JULY 1, 2002]".

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-3-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) As used in this chapter, "Indiana small business development corporation" or "corporation" refers to the corporation established under this section.

(b) The governor may request, on behalf of the state, the establishment of a private not-for-profit corporation to carry out the purposes of this chapter. If:

(1) such a corporation is established;
(2) the corporation satisfies the conditions imposed by section 2 of this chapter; and
(3) the governor certifies the corporation;

the corporation may perform the functions provided by section 3 of this chapter. Before certification by the governor, the corporation must conduct a public hearing for the purpose of giving all interested parties an opportunity to review and comment upon the articles of incorporation, bylaws, and methods of operation of the corporation. Notice of the hearing must be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b).

(c) The corporation is part of the economic development corporation under 4-3-13.7. The articles of incorporation and bylaws of the corporation shall be amended to reflect that the board of the corporation is advisory to the Indiana economic development corporation.

SECTION 2. IC 4-3-12-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) The articles of incorporation and bylaws of the Indiana small business development corporation must provide that:

(1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by encouraging the organization and development of new business enterprises, including technologically oriented enterprises;
(2) the board of directors of the corporation is composed of:
(A) ~~the lieutenant governor or~~ the lieutenant governor's designee;
(B) two (2) persons appointed by the governor from recommendations provided by statewide business organizations;
(C) two (2) persons appointed by the governor to represent local host organizations of the small business development center network; and
(D) four (4) persons appointed by the governor, who must have experience in business, finance, education, entrepreneurship, or technology development;
(3) ~~the governor shall appoint one (1) of~~ the members ~~of the board of directors to serve as chairman of the board at the pleasure of the governor~~ **shall elect one (1) of the members to serve as chairperson;**
(4) the corporation may receive money from any source, may enter into contracts, and may expend money for any activities appropriate to its purpose;
(5) **subject to approval of the economic development corporation,** the corporation may appoint staff and do all other things necessary or incidental to carrying out the functions listed

in section 3 of this chapter;

(6) any changes in the articles of incorporation or bylaws must be approved by the ~~governor~~ **economic development corporation;**

(7) the corporation shall submit an annual report to the governor and to the Indiana general assembly on or before the first day of November for each year;

(8) the annual report shall include detailed information on the structure, operation, and financial status of the corporation;

(9) the corporation shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and

(10) the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.

(b) Not more than five (5) of the members of the board of directors of the corporation may be members of the same political party.

(c) The corporation is part of the economic development corporation under 4-3-13.7. The articles of incorporation and bylaws of the corporation shall be amended to reflect that the board of the corporation is advisory to the Indiana economic development corporation.

SECTION 3. IC 4-3-13.7 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 13.7. Economic Development Corporation

Sec 1. As used in this chapter, "corporation" refers to the economic development corporation established by section 2 of this chapter.

Sec 2. (a) There is established a body politic and corporate, not a state agency but an independent instrumentality exercising essential public functions, to be known as the economic development corporation.

(b) The corporation is composed of the following thirteen (13) members, none of whom may currently be serving as members of the general assembly:

(1) One (1) person appointed by the governor who must be employed in or retired from the private or nonprofit sector.

(2) One (1) person appointed by the lieutenant governor who must be employed in or retired from the private or nonprofit sector.

(3) One (1) person appointed by the speaker of the house of representatives who must be employed in or retired from the private or nonprofit sector.

(4) One (1) person appointed by the minority leader of the house of representatives who must be employed in or retired

from the private or nonprofit sector.

(5) One (1) person appointed by the president pro tempore of the senate who must be employed in or retired from the private or nonprofit sector.

(6) One (1) person appointed by the minority leader of the senate who must be employed in or retired from the private or nonprofit sector.

(7) One (1) person appointed by the president of Indiana University who must be employed in or retired from the private or nonprofit sector or academia.

(8) One (1) person appointed by the president of Purdue University who must be employed in or retired from the private or nonprofit sector or academia.

(9) One (1) person appointed by the president of Indiana State University who must be employed in or retired from the private or nonprofit sector or academia.

(10) One (1) person appointed by the president of Ball State University who must be employed in or retired from the private or nonprofit sector or academia.

(11) One (1) person appointed by the president of the University of Southern Indiana who must be employed in or retired from the private or nonprofit sector or academia.

(12) One (1) person appointed by the president of Ivy Tech State College who must be employed in or retired from the private or nonprofit sector or academia.

(13) One (1) person appointed by the president of Vincennes University who must be employed in or retired from the private or nonprofit sector or academia.

Sec. 3. Appointments to the corporation are for terms of four (4) years. Each member shall hold office for the term of appointment and shall continue to serve after expiration of the appointment until a successor is appointed and qualified. Members are eligible for reappointment.

Sec. 4. (a) The members shall elect a chairperson from among the members.

(b) The members of the corporation are entitled to a salary per diem for attending meetings equal to the per diem provided by law for members of the general assembly. The members of the corporation shall receive reimbursement for actual and necessary expenses on the same basis as state employees.

Sec. 5. A majority of members appointed to the commission constitutes a quorum for the transaction of business. The affirmative vote of at least a majority of the members appointed to the commission is necessary for any action to be taken by the corporation. Members may vote by written proxy delivered in advance to any other member who is present at the meeting.

Sec. 6. Meetings of the corporation shall be held at the call of the

chairperson or whenever any three (3) members request a meeting. The members shall meet at least once every three (3) months to attend to the business of the corporation.

Sec. 7. (a) The corporation may, without the approval of the attorney general or any other state officer, employ bond counsel, other legal counsel, technical experts, and other officers, agents, and employees, permanent or temporary, the corporation considers necessary to carry out the efficient operation of the corporation.

(b) The corporation shall determine qualifications, duties, compensation, and terms of service for persons designated in subsection (a).

(c) Employees of the corporation are not employees of the state.

Sec. 8. The corporation is granted all powers necessary or appropriate to carry out and effectuate the corporation's public and corporate purposes under this chapter.

Sec. 9. The purpose of the corporation is to improve the quality of life for the citizens of Indiana by encouraging:

(1) the diversification of Indiana's economy;

(2) the creation of new jobs;

(3) the retention of existing jobs;

(4) the growth and modernization of existing industry; and

(5) the promotion of the state.

Sec. 10. The corporation shall be responsible for overseeing the operations of the Indiana small business development corporation under IC 4-3-12-1 and the Indiana economic development council under IC 4-3-14.

Sec. 11. The corporation may incur debt. Debt incurred by the corporation does not represent or constitute a debt of the state within the meaning of the Constitution of the State of Indiana or Indiana statutes.

SECTION 4. IC 4-3-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) The articles of incorporation or bylaws of the corporation, as appropriate, must provide that:

(1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by:

(A) coordinating the activities of all parties having a role in the state's economic development through evaluating, overseeing, and appraising those activities on an ongoing basis;

(B) overseeing the implementation of the state's economic development plan and monitoring the updates of that plan; and

(C) educating and assisting all parties involved in improving the long range vitality of the state's economy;

(2) the board must include:

~~(A) the governor;~~

~~(B)~~ **(A) a designee of** the lieutenant governor;

~~(C) the chief operating officer of the corporation;~~

~~(D) the chief operating officer of the corporation for Indiana's international future;~~ and

~~(E)~~ **(B)** ~~additional~~ **eight (8)** persons appointed by the governor, **not more than four (4) of whom may be of the same political party,** who are actively engaged in Indiana in private enterprise, organized labor, state or local governmental agencies, and education, and who represent the diverse economic and regional interests throughout Indiana;

(3) the ~~governor shall serve as~~ **members shall elect a** chairman of the board of the corporation, and the ~~lieutenant governor shall serve as the~~ **members, with the approval of the economic development corporation, shall select an** ~~chief executive officer~~ **executive director** of the corporation;

(4) the ~~governor~~ **members** shall ~~appoint~~ **elect** as vice chairman of the board a member of the board engaged in private enterprise;

(5) the ~~lieutenant governor~~ **executive director of the corporation** shall be responsible ~~as chief executive officer~~ for overseeing implementation of the state's economic development plan as articulated by the corporation and shall oversee the activities of the ~~corporation's chief operating officer~~ **corporation;**

~~(6) the governor may appoint an executive committee composed of members of the board (size and structure of the executive committee shall be set by the articles and bylaws of the corporation);~~

~~(7)~~ **(6)** the corporation may receive funds from any source and may expend funds for any activities necessary, convenient, or expedient to carry out its purposes;

~~(8)~~ **(7)** any amendments to the articles of incorporation or bylaws of the corporation must be approved by the ~~governor~~ **board of the economic development corporation;**

~~(9)~~ **(8)** the corporation shall submit an annual report to the governor and to the Indiana general assembly on or before the first day of November for each year;

~~(10)~~ **(9)** the corporation shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and

~~(11)~~ **(10)** the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.

(b) The corporation may perform other acts and things necessary, convenient, or expedient to carry out the purposes identified in this section, and it has all rights, powers, and privileges granted to corporations by IC 23-17 and by common law.

SECTION 5. IC 4-4-3-1 IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2003]: Sec. 1. As used in this chapter:

"Department" shall mean the department of ~~commerce~~ **tourism and community development** provided for by this chapter.

"Director" shall mean the director of the department.

SECTION 6. IC 4-4-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. There is hereby created a state department to be known as the department of ~~commerce~~ **tourism and community development.** The lieutenant governor, by virtue of his office, shall serve as director of the department and commissioner of agriculture, and he shall receive no additional salary in these capacities.".

Page 2, line 13, delete "advisors" and insert "**advisers**".

Page 7, line 25, delete "At" and insert "**After June 1, 2003, at**".

Page 7, line 27, delete "countercyclical" and insert "**counter-cyclical**".

Page 7, delete lines 40 through 42.

Page 8, delete line 1.

Page 8, line 2, delete "(D)" and insert "**(C)**".

Page 8, line 8, delete "(E)" and insert "**(D)**".

Page 8, line 10, delete "(F)" and insert "**(E)**".

Page 8, line 12, delete "(G)" and insert "**(F)**".

Page 9, line 2, delete "the following amounts from the".

Page 9, delete line 3.

Page 9, line 4, delete "(1) Fifty percent (50%) of".

Page 9, run-in lines 2 through 5.

Page 9, delete lines 6 through 7.

Page 9, line 8, delete "An" and insert "**After December 31, 2003, an**".

Page 9, line 13, delete "as determined by".

Page 9, line 14, delete "by the budget agency under section 14 of this chapter if" and insert "**and**".

Page 9, line 28, after ";" insert "**and**".

Page 9, line 32, delete "as determined by the budget agency".

Page 9, line 33, delete "under section 14 of this chapter if " and insert "**and**".

Page 9, line 41, delete "Money" and insert "**After December 31, 2003, money**".

Page 9, line 41, delete "making".

Page 9, line 42, after "necessary" insert "**are made**".

Page 10, line 20, delete "An" and insert "**After December 31, 2003, an**".

Page 10, between lines 25 and 26, begin a new paragraph and insert:

"SECTION 7. IC 4-10-21 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 21. State Fiscal Year Spending Limit

Sec. 1. (a) This chapter does not apply to the extent that payments for pensions, including accrued unfunded liability, and final court judgments on which the state is obligated to pay exceed the spending limits imposed by this chapter.

(b) This chapter does not apply to the extent that money expended from a reserve fund exceeds the spending limits imposed by this chapter if the initial transfer of the money into the reserve fund was included in the fiscal year spending of a previous state fiscal year.

Sec. 2. As used in this chapter, "fiscal year spending" means all state governmental expenditures, revenue losses due to legislatively enacted tax relief, and reserve increases in a state fiscal year, except the following:

(1) Expenditures for any of the following:

(A) Education.

(B) Annual teachers' pension obligations.

(C) Medicaid.

(D) Property tax replacement.

(2) Expenditures from the following:

(A) Money received as gifts.

(B) Federal funds.

(C) Money collected for another government.

(D) Money received from damage awards.

(E) Money received from property sales.

(F) Money received from settlement awards.

(G) State dedicated funds.

Sec. 3. As used in this chapter, "growth in income" means, with respect to any fiscal year, the lesser of:

(1) the annual growth in Indiana nonfarm income for the three (3) calendar years immediately preceding a state fiscal year divided by three (3); or

(2) six percent (6%).

Sec. 4. As used in this chapter, "maximum annual percentage change in fiscal year spending" means the sum of the following:

(1) Growth in income with respect to the fiscal year in question, as calculated under section 3 of this chapter.

(2) The annual percentage rate of change in population.

(3) One percent (1%).

Sec. 5. As used in this chapter, "population" means:

(1) the number of residents of the state as estimated by the United States Bureau of the Census each year; or

(2) the number of residents of the state as counted by the United States Bureau of the Census in a decennial census;

whichever is determined later.

Sec. 6. As used in this chapter, "state fiscal year" means the twelve (12) month period beginning July 1 in a calendar year.

Sec. 7. Before July 1, 2003, and each odd-numbered year

thereafter, the department of state revenue shall:

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

(A) the growth in income amount calculated under section 3 of this chapter; and

(B) the annual percentage rate of change in population; and

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

Sec. 8. (a) This subsection applies to a state fiscal year beginning July 1, 2003. The state may not increase fiscal year spending more than four percent (4%) above state fiscal spending for the state fiscal year ending June 30, 2003.

(b) This subsection applies to a state fiscal year beginning July 1, 2004. The state may not increase fiscal year spending more than four percent (4%) above state fiscal spending for the state fiscal year ending June 30, 2004.

(c) This subsection applies to a state fiscal year beginning July 1, 2005, and each odd-numbered year thereafter. The state may not increase fiscal year spending more than the maximum annual percentage change in fiscal year spending applicable to that state fiscal year.

(d) This subsection applies to a state fiscal year beginning July 1, 2006, and each even-numbered year thereafter. State fiscal year spending may not exceed the amount determined under the following STEPS:

STEP ONE: Determine the amount of state fiscal year spending permitted under subsection (c).

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

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

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

(1) that the general assembly desires to budget and spend more funds than permitted by this chapter; and

(2) the reasons necessitating the excess spending.

Upon passage of such a resolution, a cause of action may not be initiated under section 11 of this chapter if the excess spending results from passage of the resolution and the reasons for the excess spending stated in the resolution.

Sec. 9. If revenue from sources not excluded from fiscal year spending exceeds the spending limit imposed under this chapter for that state fiscal year after making the deposits required under

IC 4-10-20, the excess must be deposited into the excess tax fund established under section 10 of this chapter to be used for property tax relief programs enacted by the general assembly.

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

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

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

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

Sec. 11. This chapter may be enforced in a private individual or class action suit. Successful plaintiffs are allowed costs and reasonable attorney's fees. The state may recover costs and reasonable attorney's fees under this chapter only if a suit against it is ruled frivolous. Revenue collected illegally, kept illegally, or spent illegally for the four (4) state fiscal years preceding the date that the suit is filed shall be deposited in the excess tax fund commencing for each state fiscal year on the date the state exceeds the spending limitation imposed for that state fiscal year under this chapter.".

Page 11, line 30, strike "Subject to subsection (b),".

Page 11, line 30, delete "money" and insert "Money".

Page 17, line 10, delete "IC 6-2.2-12-2 through IC 6-2.2-12-7)" and insert "**IC 6-2.2-13-2 through IC 6-2.2-13-7)**".

Page 24, line 37, delete "lay off." and insert "**layoff.**".

Page 25, between lines 2 and 3, begin a new paragraph and insert:

"SECTION 21. IC 5-10.2-2-18 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 18. (a) As used in this section, "alternative investment" means capital invested in the privately held equity or debt assets of a domestic or international private business and includes investment in any of the following:**

(1) Unlisted or illiquid common and preferred stock.

(2) Venture capital.

(3) Corporate buyouts and acquisitions.

(4) Restructuring, recovery, and hedge funds.

(5) Limited and blind pool partnerships.

(6) Special situation and private finance investments.

(7) Limited liability companies.

(8) Group trusts.

(9) Unsecured, undersecured, subordinated senior, or convertible loans or debt securities of privately held

companies.

(10) Real estate investment trusts, mortgages, "turn around" situations, commercial leases, and joint ventures.

(11) Commodity trading.

(b) If the board decides to allocate part of the fund assets to alternative investments, the board shall invest at least twenty percent (20%) of the amount allocated to alternative investments in alternative investments in Indiana, except as provided in subsection (c).

(c) The board is not required to make the entire twenty percent (20%) investment referred to in subsection (b) if the board exercising financial and fiduciary prudence determines that sufficient appropriate alternative investments are not available in Indiana.

(d) If the board does not invest the entire twenty percent (20%) required by subsection (b) because the board makes a determination described in subsection (c), the board may not invest the amount that the board was not able to invest in alternative investments in Indiana in alternative investments outside Indiana. The board may invest the amount that the board was not able to invest in alternative investments in Indiana in other investments that the board determines are financial and fiduciary prudent.

SECTION 22. IC 5-10.3-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.**

(b) The board may invest up to five percent (5%) of the excess of its cash working balance in debentures of the corporation for innovation development subject to IC 30-4-3-3.

(c) The board is not subject to IC 4-13, IC 4-13.6, and IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for management of real property as an investment:

(1) may not exceed a four (4) year term and must be based upon guidelines established by the board;

(2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;

(3) must establish, consistent with the board's duty under

IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust.".

Page 26, line 12, delete "." and insert ",".

Page 31, line 7, after "board" insert "~~of tax commissioners~~".

Page 34, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 32. IC 6-1.1-10-31.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 31.2. (a) For purposes of this section, "production inventory" for an assessment date means inventory that is:**

(1) not finished goods inventory; and

(2) held on the assessment date for use in the production of the types of finished goods with respect to which the owner or possessor claims exemption for the assessment date:

(A) under section 29(b), 29(c), or 29(d) of this chapter;

(B) under section 30(b), 30(c), or 30(e) of this chapter; or

(C) as property placed in the foreign trade zone exclusively for export to a foreign country under section 30.5(a)(2) of this chapter.

(b) Production inventory is exempt from property taxation for an assessment date in the amount determined by dividing:

(1) the assessed value of the taxpayer's finished goods inventory that qualifies for exemption from property taxation under the provisions referred to in subsection (a)(2) for the assessment date; by

(2) the total assessed value of the taxpayer's finished goods inventory for the assessment date;

and applying this ratio to the taxpayer's total production inventory for the assessment date. A taxpayer that uses the allocation method shall keep records that adequately establish the validity of the allocation.

(c) A taxpayer who possesses production inventory owned by another person may claim an exemption provided by this section

if:

(1) the taxpayer includes the production inventory on the taxpayer's personal property tax return; and

(2) the taxpayer is able to show that the owner of the production inventory would otherwise have qualified for an exemption under this section.".

Page 37, line 3, delete "multi-family" and insert "**multifamily**".

Page 48, line 14, delete "15%" and insert "**20%**".

Page 49, line 34, after ";" insert "**and**".

Page 59, line 40, delete "my" and insert "**may**".

Page 66, line 16, delete "(as defined in".

Page 66, line 17, delete "IC 6-1.1-21-2)".

Page 78, line 30, delete "9." and insert "**10.**".

Page 78, line 32, delete "10." and insert "**11.**".

Page 78, line 34, delete "11." and insert "**12.**".

Page 93, delete lines 22 through 26, begin a new paragraph and insert:

"**(b) Transactions involving research and development equipment are exempt from the state gross retail tax.**

(c) If a taxpayer moves research and development equipment for which the taxpayer claimed or received an exemption under this section to a location outside Indiana before the expiration of the research and development equipment's useful life, the taxpayer shall pay to the department, not later than thirty (30) days after the taxpayer moves the research and development equipment to the location outside Indiana, an amount equal to three (3) times the amount of the state gross retail tax that would otherwise be due under this article without the application of this section.".

Page 103, line 8, delete "The" and insert "**Except as provided in subsection (c),** the".

Page 103, line 13, delete "(59.192)" and insert "**(59.192%)**".

Page 103, line 15, reset in roman "(3)".

Page 103, line 15, delete "(2)".

Page 103, line 19, reset in roman "(4)".

Page 103, line 19, delete "(3)".

Page 103, line 22, reset in roman "(5)".

Page 103, line 22, delete "(4)".

Page 103, between lines 25 and 26, begin a new paragraph and insert:

"**(c) This subsection applies only to deposits of collections under subsection (a) after November 30, 2002, and before July 1, 2003. The department shall deposit collections under subsection (a) in the following manner:**

(1) Twelve and five-tenths percent (12.5%) of the collections shall be paid into the tax relief fund established by IC 4-10-20-9.

(2) Four and one hundred sixty-seven thousandths percent (4.167%) of the collections shall be paid into the tuition support stabilization fund established by IC 4-10-20-10.

(3) Thirty-three and three hundred thirty-three thousandths percent (33.333%) of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.

(4) Forty-nine and three-hundredths percent (49.03%) of the collections shall be paid into the state general fund.

(5) Six hundred thirty-three thousandths of one percent (0.633%) of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.

(6) Thirty-three thousandths of one percent (0.033%) of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.

(5) One hundred forty-two thousands of one percent (0.142%) of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.".

Page 104, line 29, delete "years beginning after December 31,".

Page 104, delete lines 30 through 33.

Page 107, line 7, delete "years beginning after December".

Page 107, delete lines 8 through 11.

Page 109, line 25, delete ":".

Page 109, line 26, delete "(1)".

Page 109, line 26, delete "the first twenty".

Page 109, line 27, delete "thousand dollars ($20,000) of".

Page 109, line 27, delete ";".

Page 109, delete lines 28 through 32.

Page 109, run in lines 25 through 33.

Page 109, line 35, delete"The tax rate imposed by".

Page 109, delete lines 36 through 38.

Page 131, line 4, delete "liability" and insert "**liability.**".

Page 135, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 118. IC 6-3.1-13-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12. (a) The economic development for a growing economy board is established. The board consists of the following seven (7) members:

(1) The director or, upon the director's designation, the executive director of the department of commerce.

(2) The director of the budget agency.

(3) The commissioner of the department of state revenue.

(4) Four (4) members appointed by the governor, not more than two (2) of whom may be members of the same political party.

(b) The director shall serve as chairperson of the board. Four (4) members of the board constitute a quorum to transact and vote on the business of the board.

(c) The department of commerce shall assist the board in carrying out the board's duties under this chapter **and IC 6-3.1-28.**

SECTION 119. IC 6-3.1-13-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 15. After receipt of an application, the board may enter into an agreement with the applicant for a credit under this chapter if the board determines that all of the following conditions exist:

(1) The applicant's project will create new jobs that were not jobs previously performed by employees of the applicant in Indiana.

(2) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana.

(3) ~~There is at least one (1) other state that~~ **If** the applicant verifies **that at least one (1) other state** is being considered for the project, ~~(4)~~ a significant disparity is identified, using best available data, in the projected costs for the applicant's project compared to the costs in the competing state, including the impact of the competing state's incentive programs. The competing state's incentive programs shall include state, local, private, and federal funds available.

~~(5)~~ **(4)** The political subdivisions affected by the project have committed significant local incentives with respect to the project.

~~(6)~~ **(5)** Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not creating new jobs in Indiana.

~~(7)~~ **(6)** Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

~~(8)~~ **(7)** The credit is not prohibited by section 16 of this chapter.

SECTION 120. IC 6-3.1-13-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 17. In determining the credit amount that should be awarded, the board shall take into consideration the following factors:

(1) The economy of the county where the projected investment is to occur.

(2) The potential impact on the economy of Indiana.

(3) **If at least one (1) other state is being considered for the project,** the **estimated** magnitude of the cost differential between Indiana and the competing state.

(4) The incremental payroll attributable to the project.

(5) The capital investment attributable to the project.

(6) The amount the average wage paid by the applicant exceeds the average wage paid within the county in which the project will be located.

(7) The costs to Indiana and the affected political subdivisions with respect to the project.

(8) The financial assistance that is otherwise provided by Indiana

and the affected political subdivisions.

SECTION 121. IC 6-3.1-13-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 26. (a) The economic development for a growing economy fund is established to be used exclusively for the purposes of this chapter **and IC 6-3.1-28,** including paying for the costs of administering this chapter **and IC 6-3.1-28.** The fund shall be administered by the department of commerce.

(b) The fund consists of collected fees, appropriations from the general assembly, and gifts and grants to the fund.

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

(d) The money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for the purposes of this chapter. Expenditures from the fund are subject to appropriation by the general assembly and approval by the budget agency.".

Page 136, line 40, after "(the adjusted gross income tax)" insert "**;**".

Page 137, line 9, strike "(4)".

Page 137, line 10, strike "(5)".

Page 139, line 8, delete "(3) (3)" and insert "(3)".

Page 140, line 15, delete "FIVE" and insert "**EIGHT**".

Page 140, delete lines 17 through 42, begin a new line block indented and insert:

"**STEP ONE: Determine the net assessed value of the taxpayer's business personal property (excluding inventory) on which the taxpayer paid ad valorem property taxes first due and payable in the taxable year.**

STEP TWO: Determine the net assessed value of the taxpayer's inventory on which the taxpayer paid ad valorem property taxes first due and payable in the taxable year.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) thirty-seven thousand five hundred dollars ($37,500) minus the STEP ONE amount.

STEP FOUR: Determine the lesser of:

(A) the STEP THREE amount; or

(B) the STEP TWO amount.

STEP FIVE: Add the STEP FOUR amount and the lesser of:

(A) the STEP ONE amount; or

(B) thirty-seven thousand five hundred dollars ($37,500).

STEP SIX: Determine the greater of:

(A) zero (0); or

(B) fifty percent (50%) of the result of the STEP TWO amount minus the STEP FOUR amount.

STEP SEVEN: Add the STEP FIVE amount and the STEP

SIX amount.

STEP EIGHT: Multiply the STEP SIX amount by the taxpayer's net ad valorem property tax rate for the taxable year.".

Page 146, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 138. IC 6-3.1-26 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 26. Certified Job Skills Training Program Employer Credit

Sec. 1. As used in this chapter, "certified job skills training program" means a job skills training program certified by the department of workforce development under IC 22-4.1-7.

Sec. 2. As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

Sec. 3. As used in this chapter, "qualified employer" means a person, corporation, or pass through entity that pays an average hourly wage that exceeds one hundred fifty percent (150%) of the federal minimum wage.

Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (gross income tax);

(2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

(3) IC 6-3-8 (supplemental net income tax);

(4) IC 6-5-10 (bank tax);

(5) IC 6-5-11 (savings and loan association tax);

(6) IC 6-5.5 (financial institutions tax); and

(7) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "training program expenditures" means expenses incurred by a qualified employer for any of the following:

(1) Sponsoring or co-sponsoring a certified job skills training program that it provides to its employees, to the extent the expenses are incurred in providing the training to its employees and not to other program participants, and including any fees or revenue lost by providing the program to its employees at no cost or a reduced cost.

(2) Reimbursing an employee for participation in a certified job skills training program not sponsored or co-sponsored by the qualified employer.

Sec. 6. A qualified employer is entitled to a credit against the qualified employer's state tax liability for training program expenditures made by the qualified employer in a taxable year. The amount of the credit is equal to the qualified employer's training program expenditures in the taxable year multiplied by ten percent (10%).

Sec. 7. (a) If the amount determined under section 6 of this chapter for a qualified employer in a taxable year exceeds the qualified employer's state tax liability for that taxable year, the qualified employer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the qualified employer to obtain a credit under this chapter for any subsequent taxable year. A qualified employer is not entitled to a carryback.

(b) A qualified employer is not entitled to a refund of any unused credit.

Sec. 8. If a qualified employer is a pass through entity that does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 9. To receive the credit provided by this chapter, a qualified employer must claim the credit on the qualified employer's state tax return in the manner prescribed by the department. The qualified employer must submit to the department proof of payment of the training program expenditures, proof that the expenditures were for job skills training programs certified by the department of workforce development under IC 22-4.1-7, and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 139. IC 6-3.1-27 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 27. Certified Job Skills Training Program Individual Credit

Sec. 1. As used in this chapter, "certified job skills training program" means a job skills training program certified by the department of workforce development under IC 22-4.1-7.

Sec. 2. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax) as computed after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 3. As used in this chapter, "taxpayer" means any individual that has any state tax liability.

Sec. 4. As used in this chapter, "training program expenditures" means expenses incurred by the taxpayer for fees or tuition that are:

(1) paid by the taxpayer for participation in a certified job skills training program that relates to the taxpayer's career field or job classification, as determined by the department of workforce development under rules adopted under IC 22-4.1-7-4(a)(2); and

(2) not reimbursed or otherwise covered by the taxpayer's employer.

Sec. 5. A taxpayer is entitled to a credit against the taxpayer's state tax liability for training program expenditures made by the taxpayer in a taxable year. The amount of the credit is equal to the lesser of:

(1) the taxpayer's training program expenditures in the taxable year multiplied by twenty-five percent (25%); or

(2) two hundred fifty dollars ($250).

If a husband and wife file a joint income tax return and each spouse is eligible for the credit during a taxable year, the amount of the credit that may be claimed on the joint return is equal to the amount of the credit the husband is entitled to under this subsection plus the amount of the credit the wife is entitled to under this subsection.

Sec. 6. (a) If the amount determined under section 5 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

(b) A taxpayer is entitled to a refund of any unused credit.

Sec. 7. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return in the manner prescribed by the department. The taxpayer must submit to the department:

(1) proof of payment of the training program expenditures;

(2) proof that the expenditures were for job skills training programs:

(A) certified by the department of workforce development under IC 22-4.1-7; and

(B) related to the taxpayer's career field or job classification, as determined by the department of workforce development under rules adopted under IC 22-4.1-7; and

(3) all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 140. IC 6-3.1-28 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 28. Hoosier Homefield Advantage Investment Tax Credit

Sec. 1. As used in this chapter, "board" has the meaning set forth in IC 6-3.1-13-1.

Sec. 2. As used in this chapter, "director" has the meaning set forth in IC 6-3.1-13-3.

Sec. 3. As used in this chapter, "full-time employee" has the meaning set forth in IC 6-3.1-13-4.

Sec. 4. As used in this chapter, "new employee" has the meaning set forth in IC 6-3.1-13-6.

Sec. 5. As used in this chapter, "pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) trust;

(4) limited liability company; or

(5) limited liability partnership.

Sec. 6. (a) As used in this chapter, "qualified investment" means the amount of the taxpayer's expenditures for:

(1) the purchase of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing equipment;

(2) the purchase of new computers and related equipment;

(3) costs associated with the modernization of existing telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing facilities;

(4) onsite infrastructure improvements;

(5) the construction of new telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining, or finishing facilities;

(6) costs associated with retooling existing machinery and equipment; and

(7) costs associated with the construction of special purpose buildings and foundations for use in the computer, software, biological sciences, or telecommunications industry;

that are certified by the board under this chapter as being eligible for the credit under this chapter.

(b) The term does not include property that can be readily moved outside Indiana.

Sec. 7. As used in this chapter, "state tax liability" means a

taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(3) IC 6-3-8 (the supplemental net income tax);

(4) IC 6-5-10 (the bank tax);

(5) IC 6-5-11 (the savings and loan association tax);

(6) IC 27-1-18-2 (the insurance premiums tax); and

(7) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 8. As used in this chapter, "taxpayer" means an individual, a corporation, a partnership, or other entity that has state tax liability.

Sec. 9. The board may make credit awards under this chapter to foster job creation and higher wages in Indiana.

Sec. 10. A taxpayer that:

(1) is awarded a tax credit under this chapter by the board; and

(2) complies with the conditions set forth in this chapter and the agreement entered into by the board and the taxpayer under this chapter;

is entitled to a credit against the taxpayer's state tax liability in a taxable year.

Sec. 11. The amount of the tax credit is equal to the lesser of the following:

(1) Three percent (3%) of the amount of the qualified investment made by the taxpayer in Indiana.

(2) The difference between the taxpayer's state tax liability in the taxable year and the taxpayer's state tax liability in the taxable year immediately preceding the taxable year in which the taxpayer made the qualified investment.

Sec. 12. The taxpayer is entitled to claim the tax credit in each of ten (10) consecutive taxable years beginning with the taxable year in which the taxpayer makes the qualified investment. If the amount of a credit for a particular taxpayer in a particular taxable year exceeds the taxpayer's state tax liability for the taxable year, the taxpayer may carry forward the unused part of the tax credit to subsequent taxable years.

Sec. 13. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

An unused tax credit granted under this chapter is not refundable and may not be carried forward.

Sec. 14. A person that proposes a project to create new jobs or increase wage levels in Indiana may apply to the board before the taxpayer makes the qualified investment to enter into an agreement for a tax credit under this chapter. The director shall prescribe the form of the application.

Sec. 15. After receipt of an application, the board may enter into an agreement with the applicant for a credit under this chapter if the board determines that all of the following conditions exist:

(1) The applicant has conducted business in Indiana for at least one (1) year immediately preceding the date that the application is received.

(2) The applicant's project will raise the total earnings of employees of the applicant in Indiana.

(3) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana.

(4) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not raising the total earnings of employees in Indiana.

(5) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

(6) The credit is not prohibited by section 16 of this chapter.

(7) The average wage that will be paid by the taxpayer at the location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

Sec. 16. A person is not entitled to claim the credit provided by this chapter for any jobs that the person relocates from one (1) site in Indiana to another site in Indiana. Determinations under this section shall be made by the board.

Sec. 17. The board shall certify the amount of the qualified investment that is eligible for a credit under this chapter. In determining the credit amount that should be awarded, the board shall grant a credit only for the amount of the qualified investment that is directly related to expanding the workforce in Indiana.

Sec. 18. The board shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all of the following:

(1) A detailed description of the project that is the subject of the agreement.

(2) The first taxable year for which the credit may be claimed.

(3) The amount of the taxpayer's state tax liability for each tax in the taxable year of the taxpayer that immediately

preceded the first taxable year in which the credit may be claimed.

(4) The maximum tax credit amount that will be allowed for each taxable year.

(5) A requirement that the taxpayer shall maintain operations at the project location for at least ten (10) years during the term that the tax credit is available.

(6) A specific method for determining the number of new employees employed during a taxable year who are performing jobs not previously performed by an employee.

(7) A requirement that the taxpayer shall annually report to the board the number of new employees who are performing jobs not previously performed by an employee, the average wage of the new employees, and the average wage of all employees at the location where the qualified investment is made, and any other information the director needs to perform the director's duties under this chapter.

(8) A requirement that the director is authorized to verify with the appropriate state agencies the amounts reported under subdivision (7), and after doing so shall issue a certificate to the taxpayer stating that the amounts have been verified.

(9) A requirement that the taxpayer shall pay an average wage to all of its employees (excluding officers, partners, and shareholders) in each taxable year that a tax credit is available that equals at least one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

(10) A requirement that the taxpayer will keep the qualified investment property that is the basis for the tax credit in Indiana for at least the lesser of its useful life for federal income tax purposes or ten (10) years.

(11) A requirement that the taxpayer will maintain at the location where the qualified investment is made during the term of the tax credit a total payroll that is at least equal to the payroll level that existed before the qualified investment was made.

(12) A requirement that the taxpayer shall provide written notification to the director and the board not more than thirty (30) days after the taxpayer makes or receives a proposal that would transfer the taxpayer's state tax liability obligations to a successor taxpayer.

(13) Any other performance conditions that the board determines are appropriate.

Sec. 19. A taxpayer claiming a credit under this chapter shall submit to the department of state revenue a copy of the director's certificate of verification under this chapter for the taxable year.

However, failure to submit a copy of the certificate does not invalidate a claim for a credit.

Sec. 20. If the director determines that a taxpayer who has received a credit under this chapter is not complying with the requirements of the tax credit agreement or all of the provisions of this chapter, the director shall, after giving the taxpayer an opportunity to explain the noncompliance, notify the department of commerce and the department of state revenue of the noncompliance and request an assessment. The department of state revenue, with the assistance of the director, shall state the amount of the assessment, which may not exceed the sum of any previously allowed credits under this chapter. After receiving the notice, the department of state revenue shall make an assessment against the taxpayer under IC 6-8.1.

Sec. 21. On or before March 31 each year, the director shall submit a report to the board on the tax credit program under this chapter. The report must include information on the number of agreements that were entered into under this chapter during the preceding calendar year, a description of the project that is the subject of each agreement, an update on the status of projects under agreements entered into before the preceding calendar year, and the sum of the credits awarded under this chapter. A copy of the report shall be delivered to the executive director of the legislative services agency for distribution to the members of the general assembly.

Sec. 22. On a biennial basis, the board shall provide for an evaluation of the tax credit program, giving first priority to using the Indiana economic development council, established under IC 4-3-14-4. The evaluation shall include an assessment of the effectiveness of the program in creating new jobs and increasing wages in Indiana and of the revenue impact of the program and may include a review of the practices and experiences of other states with similar programs. The director shall submit a report on the evaluation to the governor, the president pro tempore of the senate, and the speaker of the house of representatives after June 30 and before November 1 in each odd-numbered year.".

Page 149, line 23, delete "statewide" and insert "~~state~~".

Page 165, line 25, delete "(i)".

Page 165, line 27, after "fund," insert "~~divided by the total amounts appropriated by all the taxing units in the county in the year.~~".

Page 165, delete lines 28 through 31, begin a new line triple block indented and insert:

"~~(ii) Divide the amount determined in item (I) by three (3).~~ **sum of the welfare revenue, human service fund revenue, and education revenue for a county, as determined under IC 6-1.1-44.**".

Page 167, line 6, delete "(d)" and run in lines 5 and 6.

Page 167, line 12, after "unit." begin a new paragraph and insert: "**(d)**".

Page 167, line 40, strike "(d)" and insert "**(e)**".

Page 168, line 6, strike (e)" and insert "**(f)**".

Page 171, line 7, delete "However, for purposes of determining distributions under this".

Page 171, delete lines 8 through 13 and insert "**However, for purposes of determining distributions under this section for 2003 and each year thereafter, a total levy miscellaneous tax allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the total levy miscellaneous tax allocation to the treasurer of state for deposit in a special account within the state general fund.**".

Page 175, line 42, delete "(IC 6-5-11); and insert "~~(IC 6-5-11);~~".

Page 178, between lines 25 and 26, begin a new paragraph and insert:

"SECTION 167. IC 6-1.1-10.1 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 10.1. High Impact Business Designation

Sec. 1. (a) This chapter applies only to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000).

(b) A county described in subsection (a) is presented with unique challenges due to:

(1) the presence of multiple business facilities of the high impact business within the corporate boundaries of the largest city in the county and in unincorporated areas of the county;

(2) the proportion of property taxes paid by the high impact business to all property taxes paid in the county;

(3) continued economic pressures on the high impact business to reduce its property taxes by relocating to another location outside Indiana;

(4) the desire of local elected officials to encourage the high impact business to retain manufacturing operations within the county; and

(5) the limited availability of other incentives to encourage the high impact business to retain manufacturing operations within the county.

Sec. 2. As used in this chapter, "designating body" means the commission established under section 6 of this chapter.

Sec. 3. As used in this chapter, "designation application" means an application that is filed with a designating body to assist the body in making a determination about whether a particular business should be designated as a high impact business.

Sec. 4. As used in this chapter, "high impact business" means a manufacturing business that has business locations:

(1) within the corporate boundaries of the largest city in the county; and

(2) in unincorporated areas in the county;

and that is designated a high impact business under section 7 of this chapter.

Sec. 5. As used in this chapter "inventory" has the meaning set forth in IC 6-1.1-3-11.

Sec. 6. (a) There is established a high impact business commission in the county for the purpose of considering and acting upon applications for designation as a high impact business.

(b) The commission consists of the membership of the fiscal bodies of the county and the largest city in the county.

(c) Members of the commission shall serve without compensation.

(d) The jurisdiction of the commission consists of the unincorporated areas of the county and the largest city in the county.

Sec. 7. (a) A designating body may find that a business within its jurisdiction is a high impact business.

(b) The property tax exemption provided by section 10 of this chapter is available only to a business that the designating body finds to be a high impact business.

(c) A designating body may impose a fee for filing a designation application for a person requesting the designation of a particular business as a high impact business. The fee may be sufficient to defray actual processing and administrative costs.

(d) If the proposed high impact business is also located in an allocation area (as defined in IC 36-7-14-39 or IC 36-7-15.1-26), an application for the property tax exemption provided by this chapter may not be approved unless the commission that designated the allocation area adopts a resolution approving the application.

(e) The designating body may designate only one (1) business as a high impact business under this chapter.

Sec. 8. (a) If a designating body finds that a business in its jurisdiction is a high impact business, it shall prepare a map and plat that identifies the business locations of the high impact business.

(b) After the preparation of the map described in subsection (a), the designating body shall pass a resolution declaring that a particular business is a high impact business. The resolution must contain the addresses of the business locations of the high impact business and must be filed with the county assessor.

(c) After passage of a resolution under subsection (b), the designating body shall do the following:

(1) Publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1.

(2) File the following information with each taxing unit that has authority to levy property taxes in the geographic area where the high impact business is located:

(A) A copy of the notice required by subdivision (1).

(B) A statement containing substantially the same information as a statement of benefits filed with the designating body under section 9 of this chapter before the hearing required by this section.

(3) Hold a public hearing on the issue of the designation of a particular business as a high impact business.

(d) The notice required under subsection (c) must state that a description of the designated high impact business is available and can be inspected in the county assessor's office. The notice must also name a date when the designating body will receive and hear all remonstrances and objections from interested persons at the public hearing required by subsection (c)(3). The designating body shall file the information required by subsection (c)(2) with the officers of the taxing unit who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 at least ten (10) days before the date of the public hearing.

(e) After considering the evidence, the designating body shall take final action determining whether the qualifications for the designation of a high impact business have been met and confirming, modifying and confirming, or rescinding the resolution. This determination is final.

Sec. 9. (a) An applicant must provide a completed statement of benefits form to the designating body before the hearing required by section 8(c)(3) of this chapter. The department of local government finance shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

(1) A description of the proposed investment.

(2) An estimate of the number of individuals who will be employed or whose employment will be retained by the applicant as a result of the investment and an estimate of the annual salaries of these individuals.

(3) An estimate of the value of the investment.

(4) A certification by the applicant to the commission that, subject to obtaining designation as a high impact business, the applicant intends to:

(A) make a minimum investment of fifty million dollars ($50,000,000) in new product development and manufacturing capacity for products to be manufactured in the applicant's facilities located within the commission's jurisdiction; and

(B) retain an aggregate employment level of at least one thousand two hundred (1, 200) full-time jobs in the applicant's facilities located within the commission's jurisdiction for at least twenty (20) years after the date of the designation of the applicant's business as a high impact business.

With the approval of the designating body, the statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(b) The designating body must review the statement of benefits required under subsection (a). The designating body shall determine whether a business should be designated as a high impact business and whether a property tax exemption should be allowed under this chapter after making the following findings at a public hearing:

(1) Whether the estimate of the value of the investment is reasonable for projects of that nature.

(2) Whether:

(A) the employment of the estimated number of individuals; or

(B) the retention of the estimated number of employees;

can reasonably be expected to result from the proposed investment.

(3) Whether the annual salaries estimated for the individuals and employees referred to in subdivision (2) can reasonably be expected to result from the proposed investment.

(4) Whether any other benefits about which information was requested can reasonably be expected to result from the proposed investment.

(5) Whether the totality of benefits is sufficient to justify the property tax exemption.

A designating body may not designate a high impact business or approve a property tax exemption unless the findings required by this subsection are made in the affirmative.

Sec. 10. The inventory located in the county of a high impact business is exempt from property taxation for ten (10) years following the designating body's adoption of a resolution taking final action under section 8 of this chapter. A certified copy of the resolution shall be sent to the county auditor, who shall grant the exemption as provided in section 11 of this chapter.

Sec. 11. (a) A high impact business that desires to obtain the property tax exemption provided by section 10 of this chapter must file a certified exemption application, on forms prescribed by the department of local government finance, with the auditor of the county in which the inventory is located. The exemption application must be filed on or before May 15 each year. If the high

impact business obtains a filing extension under IC 6-1.1-3-7(b) for any year, the application for the year must be filed by the extended due date for that year.

(b) The property tax exemption application required by this section must contain the following information:

(1) The name of the high impact business owning the inventory.

(2) A description of the inventory for which a property tax exemption is claimed in sufficient detail to afford identification.

(3) The assessed value of the inventory subject to the property tax exemption.

(4) Any other information considered necessary by the department of local government finance.

(c) On verification of the correctness of a property tax exemption application by the assessors of the townships in which the inventory is located, the county auditor shall grant the property tax exemption.

(d) The property tax exemption and the period of the exemption provided for inventory under section 10 of this chapter are not affected by a change in the ownership of the high impact business if the new owner of the high impact business owning the inventory:

(1) continues the business operation of the high impact business within the commission's jurisdiction and maintains employment levels within the commission's jurisdiction consistent with the certification and pledge required under section 9(a) of this chapter; and

(2) files an application in the manner provided by subsections (a) and (b).

Sec. 12. (a) At any time within twenty (20) years after the date that a business has been designated as a high impact business under section 8 of this chapter, the designating body may determine whether the high impact business owner has substantially complied with the statement of benefits approved under section 9 of this chapter. If the designating body determines that the high impact business owner has not substantially complied with the statement of benefits and that the failure to substantially comply was not caused by factors beyond the control of the high impact business owner (such as declines in demand for the property owner's products or services), the designating body shall mail a written notice to the high impact business owner. The written notice must include the following provisions:

(1) An explanation of the reasons for the designating body's determination.

(2) The date, time, and place of a hearing to be conducted by the designating body for the purpose of further considering the high impact business owner's compliance with the

statement of benefits. The date of the hearing may not be more than fifteen (15) days after the date on which the notice is mailed.

(b) On the date specified in the notice described in subsection (a)(2), the designating body shall conduct a hearing to further consider the high impact business owner's compliance with the statement of benefits. Based on the information presented at the hearing by the high impact business owner and other interested parties, the designating body shall again determine whether the high impact business owner has made reasonable efforts to substantially comply with the statement of benefits and whether any failure to substantially comply was caused by factors beyond the control of the high impact business owner. If the designating body determines that the high impact business owner has not made reasonable efforts to comply with the statement of benefits, the designating body shall adopt a resolution either:

(1) terminating the high impact business owner's property tax exemption under section 10 of this chapter; or

(2) imposing a penalty under section 13 of this chapter if the failure to comply with the statement of benefits occurs after the ten (10) year exemption provided under section 10 of this chapter expires.

(c) If the designating body adopts a resolution terminating the high impact business owner's property tax exemption under this chapter:

(1) the exemption does not apply to the next installment of property taxes owed by the high impact business owner or to any subsequent installment of property taxes;

(2) the high impact business owner shall pay the amount determined under section 14(e) of this section to the county treasurer; and

(3) the county treasurer shall distribute the money paid under this section in accordance with section 14(f) of this chapter.

(d) If the designating body adopts a resolution terminating a property tax exemption under subsection (b), the designating body shall immediately mail a certified copy of the resolution to:

(1) the high impact business owner; and

(2) the county auditor.

The county auditor shall remove the property tax exemption from the tax duplicate and shall notify the county treasurer of the termination of the exemption. If the designating body's resolution is adopted after the county treasurer has mailed the statement required by IC 6-1.1-22-8, the county treasurer shall immediately mail the high impact business owner a revised statement that reflects the termination of the property tax exemption.

(e) A high impact business owner whose property tax exemption under section 10 of this chapter is terminated by the designating

body under this section may appeal the designating body's decision by filing a complaint in the office of the clerk of the circuit or superior court, together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the high impact business owner. An appeal under this subsection shall be promptly heard by the court without a jury and determined within thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the appeal and may confirm the action of the designating body or sustain the appeal. The judgment of the court is final unless an appeal is taken as in other civil actions.

(f) If an appeal under subsection (e) is pending, the taxes resulting from the termination of the property tax exemption under this chapter and the payment required by this section are not due until after the appeal is finally adjudicated and the termination of the exemption is finally determined.

Sec. 13. (a) If the fiscal body adopts a resolution under section 12 of this chapter imposing a penalty, the amount of the penalty is the amount determined under the following formula:

STEP ONE: Determine the total amount of the high impact business owner's property taxes that were exempted under this chapter.

STEP TWO: Divide the STEP ONE result by ten (10).

STEP THREE: Determine the number of years that have elapsed since January 1 of the year in which the high impact business owner's property tax exemption under section 10 of this chapter commenced.

STEP FOUR: Subtract the STEP THREE result from twenty (20).

STEP FIVE: Multiply the STEP FOUR result by the STEP TWO result.

(b) The high impact business owner shall pay the amount determined under subsection (a) to the county treasurer. The county treasurer shall distribute money paid under this section on a pro rata basis to the general fund of each taxing unit that contains the inventory that was subject to the property tax exemption. The amount to be distributed to the general fund of each taxing unit shall be determined by the county auditor according to the following formula:

STEP ONE: For each year that the property tax exemption was in effect, determine the additional amount of property taxes that would have been paid by the high impact business owner to the taxing unit if the property tax exemption had not been in effect.

STEP TWO: Determine the sum of the STEP ONE amounts.

STEP THREE: Divide the STEP TWO sum by the sum determined under STEP TWO of section 14(e) of this chapter.

STEP FOUR: Multiply the amount paid by the high impact

business owner under section 14(e) of this chapter by the STEP THREE quotient.

Sec. 14. (a) A high impact business owner that has received a property tax exemption under section 10 of this chapter is subject to this section if the designating body adopts a resolution incorporating this section for the high impact business owner.

(b) If:

(1) the high impact business owner ceases operations before January 1, 2024, at a facility for which the property tax exemption was granted under this chapter; and

(2) the designating body finds that the high impact business owner obtained a property tax exemption under this chapter by intentionally providing false information concerning the high impact business owner's plans to continue operations at the facilities located within the commission's jurisdiction;

the high impact business owner shall pay the amount determined under subsection (e) to the county treasurer.

(c) A high impact business owner may appeal the designating body's decision under subsection (b) by filing a complaint in the office of the clerk of the circuit or superior court, together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the high impact business owner. An appeal under this subsection shall be promptly heard by the court without a jury and determined not more than thirty (30) days after the time of the filing of the appeal. The court shall hear evidence on the appeal and may confirm the action of the designating body or sustain the appeal. The judgment of the court is a final determination that may be appealed in the same manner as other civil actions.

(d) If an appeal under subsection (c) is pending, the payment required by this section is not due until after the appeal is finally adjudicated and the high impact business owner's liability for the payment is finally determined.

(e) The county auditor shall determine the amount to be paid by the high impact business owner according to the following formula:

STEP ONE: For each year that the property tax exemption provided under section 10 of this chapter was in effect, determine the additional amount of property taxes that would have been paid by the high impact business owner if the exemption had not been in effect.

STEP TWO: Determine the sum of the STEP ONE amounts.

STEP THREE: Multiply the sum determined under STEP TWO by one and one-tenth (1.1).

(f) The county treasurer shall distribute money paid under this section on a pro rata basis to the general fund of each taxing unit that contained the inventory that was subject to the property tax exemption provided under section 10 of this chapter. The amount

to be distributed to the general fund of each taxing unit shall be determined by the county auditor according to the following formula:

STEP ONE: For each year that the property tax exemption provided under section 10 of this chapter was in effect, determine the additional amount of property taxes that would have been paid by the high impact business owner to the taxing unit if the exemption had not been in effect.

STEP TWO: Determine the sum of the STEP ONE amounts.

STEP THREE: Divide the STEP TWO sum by the sum determined under STEP TWO of subsection (e).

STEP FOUR: Multiply the amount paid by the high impact business owner under subsection (e) by the STEP THREE quotient.".

Page 185, line 28, delete "(as defined in IC 6-1.1-21-2)".

Page 189, between lines 16 and 17, begin a new paragraph and insert:

"SECTION 176. IC 10-1-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) Authority is granted to the department to establish and operate an actuarially sound pension plan governed by a pension trust and to make the necessary annual contribution in order to prevent any deterioration in the actuarial status of the trust fund.

(b) Contributions shall be made to the trust fund by the department and by each employee beneficiary through authorized monthly deductions from wages.

(c) The trust fund may not be commingled with any other funds and shall be invested only in accordance with Indiana laws for the investment of trust funds, together with such other investments as are specifically designated in the pension trust. Subject to the terms of the pension trust, the trustee, with the approval of the Department and the Pension Advisory Board, may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other action necessary to fulfill its duty as a fiduciary for the trust fund. However, the trustee shall invest the trust fund assets with the same care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The trustee shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.** The investment of trust funds is subject to section 2.5 of this chapter.

(d) The trustee shall receive and hold as trustee for the uses and purposes set forth in the pension trust any and all funds paid by the department, the employee beneficiaries, or by any other person or persons.

(e) The trustee shall engage pension consultants to supervise and assist in the technical operation of the pension plan in order that there may be no deterioration in the actuarial status of the plan.

(f) Before October 1 of each year, the trustee, with the aid of the pension consultants, shall prepare and file a report with the department and the state board of accounts. The report must include the following with respect to the fiscal year ending on the preceding June 30:

SCHEDULE I. Receipts and disbursements.

SCHEDULE II. Assets of the pension trust, listing investments as to book value and current market value at the end of the fiscal year.

SCHEDULE III. List of terminations, showing cause and amount of refund.

SCHEDULE IV. The application of actuarially computed "reserve factors" to the payroll data, properly classified for the purpose of computing the reserve liability of the trust fund as of the end of the fiscal year.

SCHEDULE V. The application of actuarially computed "current liability factors" to the payroll data, properly classified for the purpose of computing the liability of the trust fund for the end of the fiscal year.

SCHEDULE VI. An actuarial computation of the pension liability for all employees retired before the close of the fiscal year.

(g) The minimum annual contribution by the department must be of sufficient amount, as determined by the pension consultants, to prevent any deterioration in the actuarial status of the pension plan during that year. If the department fails to make the minimum contribution for five (5) successive years, the pension trust terminates and the trust fund shall be liquidated.

(h) In the event of liquidation, all expenses of the pension trust shall be paid, adequate provision shall be made for continuing pension payments to retired persons, and each employee beneficiary shall receive the net amount paid into the trust fund from wages. Any remaining sum shall be equitably divided among employee beneficiaries in proportion to the net amount paid from their wages into the trust fund.

SECTION 177. IC 10-1-2-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. The mortality reserve account referred to in section 3 of this chapter, the disability reserve account referred to in section 4 of this chapter, and the dependent pension reserve account referred to in section 5 of this chapter may be commingled and operated as one (1) fund, known as the police benefit fund, under the terms of a supplementary trust agreement between the department and the trustee for the exclusive benefit of employee beneficiaries and their dependents. The trustee shall receive and hold as trustee for the uses and purposes set out in the supplementary trust agreement all funds paid to it as such trustee by the department or by any other person or persons. The trustee shall hold, invest, and reinvest the police benefit fund in such investments as it is permitted under the laws of Indiana to invest trust funds and such other investments as may be specifically designated in the supplementary trust agreement. **If the trustee decides to allocate part of the assets of the police benefit fund to alternative investments (as defined in IC 5-10.2-2-18), the trustee shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.** The trustee, with the assistance of the pension engineers, shall, within ninety (90) days after the close of the fiscal year, prepare and file with the department and the Indiana insurance department a detailed annual report showing receipts, disbursements, and case histories and making recommendations as to the necessary contributions required to keep the program in operation. Contributions by the department to the police benefit fund shall be provided in the general appropriations to the department.".

Page 208, line 24, delete "(3) (3)" and insert "(3)".

Page 209, line 8, delete ", except chiropractic services,".

Page 212, line 9, strike "(a)".

Page 213, delete lines 18 through 28, begin a new paragraph and insert:

"**(a) For taxes first due and payable in 2004, each county shall impose a county family and children property tax levy equal to the product of:**

(1) fifty percent (50%) of the county family and children property tax levy imposed for taxes first due and payable in the preceding year; multiplied by

(2) the greater of:

(A) the county's assessed value growth quotient for the ensuing calendar year, as determined under IC 6-1.1-18.5-2; or

(B) one (1).".

Page 217, line 9, delete "sections" and insert "~~section~~ **sections**".

Page 219, line 41, delete "four four" and insert "four".

Page 221, line 5, delete "six" and insert "**eight**".

Page 223, line 17, before "Daily" insert "Projected".

Page 223, line 17, delete "Actual".

Page 226, line 21, reset in roman ")".

Page 227, line 21, delete ")" and insert "**)**".

Page 228, line 40, delete "`".

Page 238, line 35, delete "(IC 6-5-10," and insert "~~(IC 6-5-10,~~".

Page 247, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 278. IC 21-6.1-3-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.**

(b) The board may:

(1) make or have made investigations concerning investments; and

(2) contract for and employ investment counsel to advise and assist in the purchase and sale of securities. ~~subject to IC 5-10.2-2-15.~~

(c) The board is not subject to IC 4-13, IC 4-13.6, or IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency for approval. A contract for the management of real property as an investment:

(1) may not exceed a four (4) year term and must be based upon guidelines established by the board;

(2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;

(3) shall establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to purchase new properties, contract for the construction or repair of properties, and lease or sell properties without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all of the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust.

SECTION 279. IC 22-4.1-7 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 7. Job Skills Training Program Certification

Sec. 1. As used in the chapter, "job skills training program"

means a course or program designed to:

(1) develop, enhance, or upgrade basic workforce skills of an employee, including:

(A) literacy;

(B) communication skills;

(C) computational skills; or

(D) other transferable workforce skills; or

(2) develop, enhance, or upgrade advanced, specialized, or industry specific skills of an employee that are directly related to the employee's job or career.

Sec. 2. As used in this chapter, "person" means any individual, corporation, limited liability company, partnership, firm, association, public or private agency, educational institution, or other organization.

Sec. 3. As used in this chapter, "sponsor" means a person operating a job skills training program and in whose name the program is registered or approved.

Sec. 4. (a) The department shall adopt rules under IC 4-22-2 to establish standards for:

(1) certifying job skills training programs in Indiana; and

(2) certifying that a job skills training program is related to particular career fields or job classifications, for purposes of allowing employees to claim a credit against state tax liability under IC 6-3.1-25.

(b) The rules adopted by the department under subsection (a) must require as a condition for certification under this chapter that a job skills training program be conducted under an organized, written plan that describes the following:

(1) The nature of the training, instruction, or other curricula to be provided to program participants.

(2) The career fields or job classifications to which the training relates, to allow the department to make the certification required under subsection (a)(2).

(3) The duration of the training.

(4) Any certification, license, or degree that a participant may earn through completion of the program and the specific requirements for the certification, license, or degree.

(5) Any fees or tuition to be charged for the program.

(6) The sponsor's experience in conducting the program or other job skills training programs.

(c) The rules adopted by the commission under subsection (a) may include:

(1) a requirement that the sponsor of a job training program be certified by, accredited by, or otherwise in good standing with an appropriate accrediting body;

(2) minimum requirements, including the payment of any certification fees, for initial certification under this chapter

after June 30, 2002;

(3) requirements for renewing a certification first issued under this chapter after June 30, 2002, including the payment of any renewal fees; or

(4) any other requirement that the department considers appropriate.

Sec. 5. The sponsor of a job skills training program who seeks certification under this chapter shall apply to the department for certification on forms prescribed by the department.".

Page 262, line 20, delete "(as defined in".

Page 262, line 21, delete "IC 6-1.1-21-2)".

Page 267, line 19, delete "(as defined in IC 6-1.1-21-2)".

Page 283, delete lines 36 through 41, begin a new line double block indented and insert:

"STEP TWO: Divide:

(i) that part of ~~the twenty~~ **ten** percent ~~(20%)~~ **(10%)** of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(ii) the STEP ONE sum.".

Page 299, delete lines 28 through 31, begin a new paragraph and insert:

"**(c) Not more than an aggregate total of five million dollars ($5,000,000) may be deposited in a particular incremental tax financing fund for a certified technology park over the life of the certified technology park.**".

Page 301, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 294. IC 36-8-6-6, AS AMENDED BY P.L.35-1999, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) The local board shall determine how much of the 1925 fund may be safely invested and how much should be retained for the needs of the fund. The investment shall be made:

(1) in interest bearing bonds of the United States, the state, or an Indiana municipal corporation. The bonds shall be deposited with and must remain in the custody of the treasurer of the board, who shall collect the interest due as it becomes due; or

(2) under IC 5-13-9.

(b) Investments under this section are subject to section 1.5 of this chapter.

(c) If the local board decides to allocate part of the assets of the 1925 fund to alternative investments (as defined in IC 5-10.2-2-18), the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.

SECTION 295. IC 36-8-7-10, AS AMENDED BY P.L.35-1999, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

JULY 1, 2002]: Sec. 10. (a) The local board shall determine how much of the 1937 fund may be safely invested and how much should be retained for the needs of the fund. Investments are restricted to the following:

(1) Interest bearing direct obligations of the United States or of the state or bonds lawfully issued by an Indiana political subdivision. The securities shall be deposited with and must remain in the custody of the treasurer of the local board, who shall collect the interest on them as it becomes due and payable.

(2) Savings deposits or certificates of deposit of a chartered national, state, or mutual bank whose deposits are insured by a federal agency. However, deposits may not be made in excess of the amount of insurance protection afforded a member or investor of the bank.

(3) Shares of a federal savings association organized under 12 U.S.C. 1461, as amended, and having its principal office in Indiana, or of a savings association organized and operating under Indiana statutes whose accounts are insured by a federal agency. However, shares may not be purchased in excess of the amount of insurance protection afforded a member or investor of the association.

(4) An investment made under IC 5-13-9.

(b) All securities must be kept on deposit with the unit's fiscal officer, or county treasurer acting under IC 36-4-10-6, who shall collect all interest due and credit it to the 1937 fund.

(c) The fiscal officer (or county treasurer) shall keep a separate account of the 1937 fund and shall fully and accurately set forth a statement of all money received and paid out by ~~him.~~ **the officer.** The officer shall, on the first Monday of January and June of each year, make a report to the local board of all money received and distributed by ~~him.~~ **the officer.** The president of the local board shall execute the officer's bond in the sum that the local board considers adequate, conditioned that ~~he~~ **the officer** will faithfully discharge the duties of ~~his~~ **the officer's** office and faithfully account for and pay over to the persons authorized to receive it all money that comes into ~~his~~ **the officer's** hands by virtue of ~~his~~ **the officer's** office. The bond and sureties must be approved by the local board and filed with the executive of the unit. The local board shall make a full and accurate report of the condition of the 1937 fund to the unit's fiscal officer on the first Monday of February in each year.

(d) All securities that were owned by and held in the name of the local board on January 1, 1938, shall be held and kept for the local board by the unit's fiscal officer (or county treasurer) until they mature and are retired. However, if an issue of the securities is refunded, the local board shall accept refunding securities in exchange for and in an amount equal to the securities refunded. All money received by the local board for the surrender of matured and retired securities shall be paid into and constitutes a part of the 1937 fund of the unit, as provided in section 8 of this chapter.

(e) Investments under this section are subject to section 2.5 of this chapter.

(f) If the local board decides to allocate part of the assets of the 1937 fund to alternative investments (as defined in IC 5-10.2-2-18), the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.

SECTION 296. IC 36-8-7.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. (a) The local board shall determine how much of the 1953 fund may be safely invested and how much should be retained for the needs of the fund. The investment shall be made in interest bearing direct obligations of the United States, obligations or issues guaranteed by the United States, bonds of the state of Indiana or any political subdivision, or street, sewer, or other improvement bonds of the state of Indiana or any political subdivision. However, the local board may not invest in obligations issued by the consolidated city, the county, or any political subdivision in the county. Any securities shall be deposited with and remain in the custody of the treasurer of the local board, who shall collect the interest due on them as it becomes due and payable. The local board may sell any of the securities belonging to the 1953 fund and borrow money upon the securities as collateral whenever in the judgment of the local board this action is necessary to meet the cash requirements of the 1953 fund.

(b) The revenues derived from the tax levy authorized by section 10(c) of this chapter may not be invested but shall be used for the exclusive purpose of paying the pensions and benefits that the local board is obligated to pay. These revenues are in addition to all money derived from the income on the investments of the board.

(c) Investments under this section are subject to section 1.5 of this chapter.

(d) If the local board decides to allocate part of the assets of the 1953 fund to alternative investments (as defined in IC 5-10.2-2-18), the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.

SECTION 297. IC 36-8-10-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12. (a) The department and a trustee may establish and operate an actuarially sound pension trust as a retirement plan for the exclusive benefit of the employee beneficiaries. However, a department and a trustee may not establish or modify a retirement plan after June 30, 1989, without the approval of the county fiscal body which shall not reduce or diminish any benefits of the employee beneficiaries set forth in any retirement plan that was in effect on January 1, 1989.

(b) The normal retirement age may be earlier but not later than the age of seventy (70). However, the sheriff may retire an employee who is otherwise eligible for retirement if the board finds that the employee is not physically or mentally capable of performing the employee's duties.

(c) Joint contributions shall be made to the trust fund:

(1) either by:

(A) the department through a general appropriation provided to the department;

(B) a line item appropriation directly to the trust fund; or

(C) both; and

(2) by an employee beneficiary through authorized monthly deductions from the employee beneficiary's salary or wages. However, the employer may pay all or a part of the contribution for the employee beneficiary.

Contributions through an appropriation are not required for plans established or modifications adopted after June 30, 1989, unless the establishment or modification is approved by the county fiscal body.

(d) For a county not having a consolidated city, the monthly deductions from an employee beneficiary's wages for the trust fund may not exceed six percent (6%) of the employee beneficiary's average monthly wages. For a county having a consolidated city, the monthly deductions from an employee beneficiary's wages for the trust fund may not exceed seven percent (7%) of the employee beneficiary's average monthly wages.

(e) The minimum annual contribution by the department must be sufficient, as determined by the pension engineers, to prevent deterioration in the actuarial status of the trust fund during that year. If the department fails to make minimum contributions for three (3) successive years, the pension trust terminates and the trust fund shall be liquidated.

(f) If during liquidation all expenses of the pension trust are paid, adequate provision must be made for continuing pension payments to retired persons. Each employee beneficiary is entitled to receive the net amount paid into the trust fund from the employee beneficiary's wages, and any remaining sum shall be equitably divided among employee beneficiaries in proportion to the net amount paid from their wages into the trust fund.

(g) If a person ceases to be an employee beneficiary because of death, disability, unemployment, retirement, or other reason, the person, the person's beneficiary, or the person's estate is entitled to receive at least the net amount paid into the trust fund from the person's wages, either in a lump sum or monthly installments not less than the person's pension amount.

(h) If an employee beneficiary is retired for old age, the employee beneficiary is entitled to receive a monthly income in the proper amount of the employee beneficiary's pension during the employee beneficiary's lifetime.

(i) To be entitled to the full amount of the employee beneficiary's pension classification, an employee beneficiary must have contributed at least twenty (20) years of service to the department before retirement. Otherwise, the employee beneficiary is entitled to receive a pension proportional to the length of the employee beneficiary's service.

(j) This subsection does not apply to a county that adopts an ordinance under section 12.1 of this chapter. For an employee beneficiary who retires before January 1, 1985, a monthly pension may not exceed by more than twenty dollars ($20) one-half (1/2) the amount of the average monthly wage received during the highest paid five (5) years before retirement. However, in counties where the fiscal body approves the increases, the maximum monthly pension for an employee beneficiary who retires after December 31, 1984, may be increased by no more or no less than two percent (2%) of that average monthly wage for each year of service over twenty (20) years to a maximum of seventy-four percent (74%) of that average monthly wage plus twenty dollars ($20). For the purposes of determining the amount of an increase in the maximum monthly pension approved by the fiscal body for an employee beneficiary who retires after December 31, 1984, the fiscal body may determine that the employee beneficiary's years of service include the years of service with the sheriff's department that occurred before the effective date of the pension trust. For an employee beneficiary who retires after June 30, 1996, the average monthly wage used to determine the employee beneficiary's pension benefits may not exceed the monthly minimum salary that a full-time prosecuting attorney was entitled to be paid by the state at the time the employee beneficiary retires.

(k) The trust fund may not be commingled with other funds, except as provided in this chapter, and may be invested only in accordance with statutes for investment of trust funds, including other investments that are specifically designated in the trust agreement.

(l) The trustee receives and holds as trustee all money paid to it as trustee by the department, the employee beneficiaries, or by other persons for the uses stated in the trust agreement.

(m) The trustee shall engage pension engineers to supervise and assist in the technical operation of the pension trust in order that there is no deterioration in the actuarial status of the plan.

(n) Within ninety (90) days after the close of each fiscal year the trustee, with the aid of the pension engineers, shall prepare and file an annual report with the department and the state insurance department. The report must include the following:

(1) Schedule 1. Receipts and disbursements.

(2) Schedule 2. Assets of the pension trust listing investments by book value and current market value as of the end of the fiscal

year.

(3) Schedule 3. List of terminations, showing the cause and amount of refund.

(4) Schedule 4. The application of actuarially computed "reserve factors" to the payroll data properly classified for the purpose of computing the reserve liability of the trust fund as of the end of the fiscal year.

(5) Schedule 5. The application of actuarially computed "current liability factors" to the payroll data properly classified for the purpose of computing the liability of the trust fund as of the end of the fiscal year.

(o) No part of the corpus or income of the trust fund may be used or diverted to any purpose other than the exclusive benefit of the members and the beneficiaries of the members.

(p) If the trustee decides to allocate part of the assets of the pension trust to alternative investments (as defined in IC 5-10.2-2-18), the trustee shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.".

Page 304, line 20, after "minus" insert "~~(ii)~~".

Page 305, line 38, delete "(A)" and insert "**(1)**".

Page 305, line 40, delete "(B)" and insert "**(2)**".

Page 305, line 41, delete "(i)" and insert "**(A)**".

Page 305, line 42, delete "(ii)" and insert "**(B)**".

Page 306, line 6, delete "(A)" and insert "**(1)**".

Page 306, line 8, delete "(B)" and insert "**(2)**".

Page 306, line 9, delete "(i)" and insert "**(A)**".

Page 306, line 10, delete "(ii)" and insert "**(B)**".

Page 308, line 39, before "general" insert "**state**".

Page 308, line 41, before "general" insert "**state**".

Page 309, line 29, delete "June 30, 2003" and insert "**November 30, 2002**".

Page 309, line 33, delete "July 1, 2003" and insert "**December 1, 2002**".

Page 309, line 35, delete "June 1, 2003" and insert "**November 1, 2002**".

Page 309, line 36, delete "July 1, 2003" and insert "**December 1, 2002**".

Page 309, line 37, delete "June" and insert "**November**".

Page 309, line 38, delete " 2003" and insert " **2002**".

Page 309, line 42, delete "July 31, 2003" and insert "**December 31, 2002**".

Page 310, line 1, delete "June 30, 2003" and insert "**November 30, 2002**".

Page 313, line 4, after "hundred" insert "**forty-two**".

Page 313, line 5, delete "($34,800,000)" and insert "**($34,842,000)**".

Page 313, line 7, after "." insert "**The money shall be allocated**

under IC 8-14-1-3, as amended by this act, in a manner that allows cities, towns, and counties to receive the same distribution under IC 8-14-1-3(1) and IC 8-14-1-3(2), as amended by this act, in fiscal year 2002-2003 as the cities, towns, and counties would have received in fiscal year 2002-2003 if IC 8-14-1-3 had not been amended by this act.".

Page 315, between lines 2 and 3, begin a new paragraph and insert:

"**(o) Notwithstanding the limitations on the use of funds from the build Indiana fund in IC 4-30-17-4.1, the appropriations under this SECTION are payable from the build Indiana fund after review and approval under IC 4-30-17-10.**".

Page 315, delete lines 40 through 42, begin a new paragraph and insert:

"SECTION 326. [EFFECTIVE JULY 1, 2001 (RETROACTIVE)]: **(a) There is appropriated to the legislative services agency one hundred thousand dollars ($100,000) from the state general fund for the purpose of funding activities of subcommittees of the Indiana commission on excellence in health care established by P.L.220-2001, SECTION 1 beginning July 1, 2001, and ending June 30, 2003.**

(b) This SECTION expires June 30, 2003.

SECTION 327. [EFFECTIVE JULY 1, 2002] **IC 6-1.1-10.1-10, as added by this act, applies to property taxes first due and payable after December 31, 2003.**

SECTION 328. [EFFECTIVE JULY 1, 2003] **(a) The duties conferred on the department of commerce relating to energy policy are transferred to the department of environmental management, established by IC 13-13-1-1, on July 1, 2003.**

(b) The rules adopted by the department of commerce concerning energy policy before July 1, 2003, are considered, after June 30, 2003, rules of the department of environmental management until the department of environmental management adopts replacement rules.

(c) On July 1, 2003, the department of environmental management becomes the owner of all real and personal property relating to energy policy of the department of commerce.

(d) Any fund relating to energy policy under the control or supervision of the department of commerce on June 30, 2003, shall be transferred to the control or supervision of the department of environmental management on July 1, 2003.

(e) The legislative services agency shall prepare legislation for introduction in the 2004 regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the department of environmental management by this act.

(f) This SECTION expires June 30, 2004.

SECTION 329. [EFFECTIVE JULY 1, 2003] **(a) The duties**

conferred on the department of commerce relating to tourism and community development are transferred to the department of tourism and community development, established by IC 4-4-3-2, as amended by this act, on July 1, 2003.

(b) The rules adopted by the department of commerce concerning tourism and community development before July 1, 2003, are considered, after June 30, 2003, rules of the department of tourism and community development until the department of tourism and community development adopts replacement rules.

(c) On July 1, 2003, the department of tourism and community development becomes the owner of all real and personal property relating to tourism promotion and community development of the department of commerce.

(d) Any fund relating to tourism and community development under the control or supervision of the department of commerce on June 30, 2003, shall be transferred to the control or supervision of the department of tourism and community development on July 1, 2003.

(e) The legislative services agency shall prepare legislation for introduction in the 2004 regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the department of tourism and community development by this act.

(f) This SECTION expires June 30, 2004.

SECTION 330. [EFFECTIVE JULY 1, 2003] **(a) The duties conferred on the department of commerce relating to economic development in Indiana, except those relating to energy policy or tourism and community development, are transferred to the economic development corporation, established by IC 4-3-13.7, as added by this act, on July 1, 2003.**

(b) The rules adopted by the department of commerce, except those related to energy policy and tourism and community development, before July 1, 2003, concerning the duties of the department of commerce are considered, after June 30, 2003, rules of the economic development corporation until the corporation adopts replacement rules.

(c) On July 1, 2003, the Indiana economic development corporation becomes the owner of all real and personal property, except the real and personal property related to energy policy and tourism and community development, of the department of commerce.

(d) Any fund under the control or supervision of the department of commerce, except funds related to energy policy and tourism and community development, on June 30, 2003, is transferred to the control or supervision of the economic development corporation on July 1, 2003.

(e) The legislative services agency shall prepare legislation for

introduction in the 2004 regular session of the general assembly to organize and correct statutes affected by the transfer of responsibilities to the economic development corporation by this act.

(f) This SECTION expires June 30, 2004.

SECTION 331. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "department" refers to the department of workforce development established by IC 22-4.1-2-1.**

(b) As used in this SECTION, "job skills training program" has the meaning set forth in IC 22-4.1-7-1, as added by this act.

(c) Notwithstanding IC 22-4.1-7-4, as added by this act, the department shall adopt rules under IC 4-22-2 to establish standards for:

(1) certifying job skills training programs in Indiana; and

(2) certifying that a job skills training program is related to particular career fields or job classifications, for purposes of allowing employees to claim a credit against state tax liability under IC 6-3.1-27, as added by this act;

as required under IC 22-4.1-7-4, as added by this act, not later than December 31, 2002.

(d) This SECTION expires January 1, 2004.

SECTION 332. [EFFECTIVE JANUARY 1, 2003] **(a) IC 6-3.1-26 and IC 6-3.1-27, both as added by this act, apply to taxable years beginning after December 31, 2002.**

(b) Notwithstanding any other provision of this act or any other law, all fee increases made by this act to fees collectable under IC 13 shall be used exclusively for total operating expenses of the Indiana department of environmental management and its governing boards. The additional fees are appropriated for these purposes for the period beginning July 1, 2001, and ending June 30, 2003. Notwithstanding any other law, the budget agency or the board of finance has no authority to use the revenue generated by these fees for any other purpose.

SECTION 333. [EFFECTIVE JULY 1, 2002] **IC 5-10.2-2-18, as added by this act, applies only to investments made after June 30, 2002.**".

Delete page 316,

Page 317, delete lines 1 through 9.

Renumber all SECTIONS consecutively.

(Reference is to HB 1004 as reprinted January 25, 2002.)

Representative Bauer

Adopted	Rejected

COMMITTEE REPORT

MR. SPEAKER:

Your Committee of One, to which was referred House Bill 1004, begs leave to report that said bill has been amended as directed.

Representative Bauer