Reprinted
January 30, 2002

HOUSE BILL No. 1004

DIGEST OF HB 1004 (Updated January 29, 2002 7:15 PM - DI 51)

Citations Affected: Numerous provisions throughout the Indiana code.

Synopsis: Establishes the tax relief fund and the tuition support stabilization fund. Establishes and transfers certain department of commerce functions to a economic development corporation. Imposes a cap on state spending. Authorizes investment of certain state funds in alternative investments. Extends the time for completion of the general reassessment of real property by one year. Increases the sales tax, admissions tax, wagering tax, adjusted gross income tax, and cigarette tax. Delays the reduction in the premium tax rate. Imposes a business activity fee. Imposes a special assessment on public utility companies. Eliminates the gross income tax for all entities except public utility companies. Imposes a special property tax assessment on public utility companies. Lowers the property tax replacement credit, increases the homestead credit and the standard homestead deduction, establishes a property tax deduction for rental property, and a property tax deduction for production inventory. Authorizes the establishment of high impact business areas. Establishes and increases tax credits against state tax liability, including the investment credit, business personal property tax credit, research expense credit, earned income tax credit, corporate headquarter relocation credit, and certified jobs skills training program credits. Terminates and reduces certain local property

(Continued next page)

Effective: July 1, 2001 (retroactive); January 1, 2002 (retroactive); January 1, 2002; March 1, 2002 (retroactive); March 14, 2002 (retroactive); upon passage; May 1, 2002; June 1, 2002; July 1, 2002; December 1, 2002; January 1, 2003; July 1, 2003; January 1, 2004.

Bauer, Dobis

November 20, 2001, read first time and referred to Committee on Ways and Means.
January 22, 2002, amended, reported — Do Pass.
January 24, 2002, read second time, amended, ordered engrossed.
January 25, 2002, engrossed.
January 29, 2002, read third time, recommitted to Committee of One, amended; call withdrawn.

C o p y

Digest Continued

tax levies, including a reduction in the school general fund levy and the county family and children's fund levy. Provides state funding to replace the reduced levies. Provides a property tax deduction for rental property and increases the adjusted gross income deduction for rent paid for a residence. Makes changes in the Medicaid program and certain administrative fees. Changes appropriations from the 2001 budget. Changes the tuition support formula and allows money in certain funds to be used for school operating expenses. Authorizes a loan from the rainy day fund for the taxing units in Porter County. Voids the shelter allowance. Authorizes certified technology park tax increment financing and exempts research and development equipment from the state gross retail tax. Delays the closing of Muscatatuck and provides termination benefits to employee of a closed state institution. Provides for unpaid leave. Repeals obsolete bank tax, production credit association tax, and savings and loan association tax provisions. Makes other changes.

C o p y

Reprinted
January 30, 2002

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

C o p y

HOUSE BILL No. 1004

A BILL FOR AN ACT to amend the Indiana Code concerning state and local fiscal matters and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

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;

C o p y

(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.

C o p y

(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

C o p y

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,

C o p y

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;

C o p y

~~(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.

SECTION 7. IC 4-4-3.4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) The value added research fund is established for the purpose of providing money for the center for value added research and the commissioner of agriculture to carry out the duties specified under this chapter. The fund shall be administered by the commissioner of agriculture.

(b) The fund consists of money appropriated by the general assembly.

(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.

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

(e) There is annually appropriated to the value added research fund one million dollars ($1,000,000) from the state general fund for carrying out the purposes of this section.

SECTION 8. IC 4-4-9.3 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

C o p y

Chapter 9.3. Rural Development Administration Fund

Sec. 1. (a) The rural development administration fund is established for the purpose of enhancing and developing rural communities. The fund shall be administered by the rural development council.

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

(c) Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisers, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts.

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

Sec. 2. (a) Money in the fund may be used for the following purposes:

(1) To create, assess, and assist a pilot project to enhance the economic and community development in a rural area.

(2) To establish a local revolving loan fund for an industrial, commercial, agricultural, or tourist venture.

(3) To provide a loan for an economic development project in a rural area.

(4) To provide technical assistance to a rural organization.

(5) To assist in the development and creation of a rural cooperative.

(6) To address rural workforce development challenges.

(7) To assist in addressing telecommunications needs in a rural area.

(b) Expenditures from the fund are subject to appropriation by the general assembly and approval by the rural development council (IC 4-4-9.5). The council may not approve an expenditure from the fund unless the rural development administration advisory board established under section 4 of this chapter has recommended the expenditure.

Sec. 3. (a) There is annually appropriated to the rural development administration fund two million five hundred thousand dollars ($2,500,000) from the state general fund for its use in carrying out the purposes of section 2 of this chapter.

(b) The money appropriated by this section does not revert to the state general fund at the close of any fiscal year but remains available to the rural development administration fund until the

C o p y

purpose for which it was appropriated is fulfilled.

Sec. 4. (a) The rural development administration advisory board is established to make recommendations concerning the expenditure of money from the fund.

(b) The advisory board shall meet at least four (4) times per year and shall also meet at the call of the executive director of the rural development council.

(c) The rural advisory board consists of the following members:

(1) The executive director of the rural development council, who serves as an ex officio member and as the chairperson of the advisory board.

(2) Two (2) members of the senate, who may not be members of the same political party, and who are appointed by the president pro tempore of the senate.

(3) Two (2) members of the house of representatives, who may not be members of the same political party, and who are appointed by the speaker of the house of representatives.

(4) A representative of the commissioner of agriculture, to be appointed by the governor.

(5) A representative of the department of commerce, to be appointed by the governor.

(6) A representative of the department of workforce development, to be appointed by the governor.

(7) Two (2) persons with knowledge and experience in state and regional economic needs, to be appointed by the governor.

(8) A representative of a local rural economic development organization, to be appointed by the governor.

(9) A representative of a small town or rural community, to be appointed by the governor.

(10) A representative of the rural development council, to be appointed by the governor.

(11) A representative of rural education, to be appointed by the governor.

(12) A representative of the league of regional conservation and development districts, to be appointed by the governor.

(13) A person currently enrolled in rural secondary education, to be appointed by the governor.

(d) The members of the advisory board listed in subsection (c)(1) through (c)(3) are nonvoting members.

(e) The term of office of a legislative member of the advisory board is four (4) years. However, a legislative member of the

C o p y

advisory board ceases to be a member if the member:

(1) is no longer a member of the chamber from which the member was appointed; or

(2) is removed from the advisory board by the appointing authority who appointed the legislator.

(f) The term of office of a voting member of the advisory board is four (4) years. However, these members serve at the pleasure of the governor and may be removed for any reason.

(g) If a vacancy exists on the advisory board, the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy for the balance of the unexpired term.

(h) Five (5) voting members of the advisory board constitute a quorum for the transaction of business at a meeting of the advisory board. The affirmative vote of at least five (5) voting members is necessary for the advisory board to take action.

SECTION 9. IC 4-4-9.5-4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 4. (a) There is annually appropriated to the Indiana rural development council one million two hundred thousand dollars ($1,200,000) from the state general fund for its use in carrying out the purposes of this chapter.**

(b) The money appropriated by this section does not revert to the state general fund at the close of any fiscal year but remains available to the Indiana rural development council until the purpose for which it was appropriated is fulfilled.

SECTION 10. IC 4-10-12-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 14, 2002 (RETROACTIVE)]: **Sec. 7. (a) As used in this section, "former employee" means an individual who:**

(1) was employed at a facility operated by the division of disability, aging, and rehabilitative services (IC 12-9-1-1), the division of mental health and addiction (IC 12-21-1-1), the state department of health (IC 16-19-1-1), or the department of correction (IC 11-8-2-1);

(2) was laid off or terminated from employment solely because of the closing or downsizing of a facility after March 14, 2002; and

(3) has not found a job elsewhere with a state agency.

(b) A former employee is entitled to be paid an amount equal to sixty percent (60%) of the current salary value for:

(1) accrued vacation days in excess of thirty (30) for which the

C o p y

former employee is entitled to compensation one hundred percent (100%);

(2) accrued sick days; and

(3) accrued personal days;

that the former employee had accrued at the time of termination or layoff.

SECTION 11. IC 4-10-13-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. The Indiana department of state revenue is hereby authorized and directed to prepare and publish each year the following report, which shall contain: ~~the following data and information:~~

(1) a recital of the number of taxpayers, the amount of gross collections, the amount of net collections, the amount of refunds, the amount of collection allowances, the amount of administrative costs, and the amount of delinquencies by type of tax collected by the department.

(2) Relative to the gross income tax, a recital of the number of taxpayers, the total amount of gross income tax collected, the total amount of exemptions allowed and the total amount of nontaxable income. It shall also include a recital of the number of taxpayers and the total amount of gross income tax received ~~from farmers, manufacturing interests, wholesalers, retailers, transportation and communication interest, public utilities, financial and insurance interests, real estate interests, personal service businesses, and salaries and wages received~~ from every ~~other~~ source to the extent such information is available from gross income tax returns.

~~(3) A breakdown of gross income tax collections received from corporate taxpayers, from unincorporated businesses, from income taxed at the rate of three eighths of one per cent (3/8%) and one and one-half per cent (1 1/2%), and from types of businesses as described in subsection (2) of this section.~~

Such report shall be made available for inspection as soon as it is prepared and shall be published, in the manner hereinafter provided, by the Indiana state department of revenue not later than December ~~31st,~~ **31** following the end of each fiscal year.

SECTION 12. IC 4-10-20 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 20. 21st Century Revenue Stabilization Plan

Sec. 1. As used in this chapter, "budget agency" refers to the budget agency established by IC 4-12-1-3.

Sec. 2. As used in this chapter, "budget director" has the

C o p y

meaning set forth in IC 4-12-1-2.

Sec. 3. As used in this chapter, "general fund revenue" means the sum of general fund revenue (as defined in IC 4-10-18-1) and revenue deposited in the property tax replacement fund (IC 6-1.1-21).

Sec. 4. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 5. As used in this chapter, "tax relief fund" refers to the tax relief fund established by section 9 of this chapter.

Sec. 6. As used in this chapter, "tuition support" has the meaning set forth in IC 21-3-1.7-4.

Sec. 7. As used in this chapter, "tuition support stabilization fund" refers to the tuition support stabilization fund established by section 10 of this chapter.

Sec. 8. As used in this chapter, "unused 21st century tax plan balance" refers to the amount determined for a state fiscal year under section 11 of this chapter.

Sec. 9. (a) The tax relief fund is established.

(b) The purpose of the tax relief fund is to provide a source of money to:

(1) maintain homestead credit distributions from the state to political subdivisions when economic conditions result in lowered collections of general tax revenues as determined by the budget agency under section 14 of this chapter;

(2) provide a source of money to meet the following obligations assumed by the state:

(A) assumption of county contributions to the medical assistance to wards program under IC 12-13-8 (repealed);

(B) assumption of county contributions to the children with special health care needs program under IC 16-35-3 (repealed);

(C) assumption of county contributions to the hospital care for the indigent program or the uninsured parent program required under IC 12-16-14 (repealed); and

(D) assumption of fifty percent (50%) of the county obligation for child services (as defined in IC 12-19-7-1);

when economic conditions result in lowered collections of general tax revenues as determined by the budget agency under section 14 of this chapter; and

(3) assist allocation areas under IC 6-1.1-21.2.

(c) The tax relief fund shall be administered by the treasurer of state.

C o p y

(d) The treasurer of state shall invest the money in the tax relief 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 tax relief fund.

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

Sec. 10. (a) The tuition support stabilization fund is established.

(b) The purpose of the tuition support stabilization fund is to provide a source of money to maintain tuition support distributions from the state to school corporations when economic conditions result in lowered collections of general tax revenues as determined by the budget agency under section 15 of this chapter.

(c) The tuition support stabilization fund shall be administered by the treasurer of state.

(d) The treasurer of state shall invest the money in the tuition support stabilization 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 tuition support stabilization fund.

(e) Money in the tuition support stabilization fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 11. (a) After June 1, 2003, at the same time that the budget director makes a determination under IC 4-10-18-5 (determination of appropriations to or from the counter-cyclical revenue and economic stabilization fund), the budget director shall determine the unused 21st century tax plan balance for the immediately preceding year under this section.

(b) The unused 21st century tax plan balance for a state fiscal year is the amount determined under the last STEP of the following formula:

STEP ONE: Calculate the net amount of additional state general fund revenue accruing to the state general fund in the immediately preceding state fiscal year as a result of:

(A) the enactment of a business activity fee (IC 6-2.2);

(B) reduction of the property tax replacement credit (IC 6-1.1-21);

(C) the increase in the adjusted gross income tax rate on corporations (IC 6-3-1 through IC 6-3-7) after offsetting the impact on state tax liability of the establishment of the business personal property credit (IC 6-3.1-23.8) and investment credit (IC 6-3.1-24) and increasing the research

C o p y

expense credit (IC 6-3.1-4);

(D) the increase in the state gross retail and use taxes (IC 6-2.5);

(E) the elimination of the gross income tax (IC 6-2.1) for taxpayers other than public utility companies); and

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

enacted by the general assembly in 2002.

STEP TWO: Calculate the amount of additional expenses incurred by the state in the immediately preceding state fiscal year as a result of the:

(A) assumption of county contributions to the medical assistance to wards program under IC 12-13-8 (repealed);

(B) assumption of county contributions to the children with special health care needs program under IC 16-35-3 (repealed);

(C) assumption of county contributions to the hospital care for the indigent program or the uninsured parent program required under IC 12-16-14 (repealed);

(D) assumption of fifty percent (50%) of the county obligation for child services (as defined in IC 12-19-7-1);

(E) assumption of the obligation to provide additional state tuition support to replace the fifty percent (50%) reduction in school general fund property tax levies (IC 6-1.1-19; IC 21-3-1.7); and

(F) increased homestead credit (IC 6-1.1-20.9);

enacted by the general assembly in 2002.

STEP THREE: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP ONE amount minus the STEP TWO amount.

Sec. 12. As soon as possible after making the determination under section 11 of this chapter, the budget director shall certify the unused 21st century tax plan balance amount determined under section 11 of this chapter to the treasurer of state.

Sec. 13. If the unused 21st century tax plan balance amount certified under section 12 of this chapter is greater than zero (0), the treasurer of state shall transfer the unused 21st century tax plan balance to the tax relief fund.

Sec. 14. After December 31, 2003, an amount of money in the tax relief fund determined by the budget director may be used to meet the state's obligations to:

C o p y

(1) maintain homestead credit distributions from the state to political subdivisions when economic conditions result in lowered collections of general tax revenues and the budget director determines that general fund revenues being collected in the state fiscal year are insufficient to meet the state's obligations for the distributions described in this subdivision;

(2) provide a source of money to meet the following obligations assumed by the state:

(A) assumption of county contributions to the medical assistance to wards program under IC 12-13-8 (repealed);

(B) assumption of county contributions to the children with special health care needs program under IC 16-35-3 (repealed);

(C) assumption of county contributions to the hospital care for the indigent program or the uninsured parent program required under IC 12-16-14 (repealed); and

(D) assumption of fifty percent (50%) of the county obligation for child services (as defined in IC 12-19-7-1);

when economic conditions result in lowered collections of general tax revenues and the budget director determines that general fund revenues being collected in the state fiscal year are insufficient to meet the state's obligations for the distributions described in this subdivision; and

(3) subject to section 15 of this chapter, assist allocation areas under IC 6-1.1-21.2, if the department of local government finance orders a distribution from the tax relief fund under IC 6-1.1-21.2.

Sec. 15. (a) After December 31, 2003, money in the tax relief fund, after any distributions necessary are made under section 14 of this chapter, is available to make the distributions to allocation areas (as defined in IC 6-1.1-21.2-2) approved by the department of local government finance under IC 6-1.1-21.2 (distribution of tax increment replacement amounts).

(b) The budget director shall make distributions under this section in conformity with the schedule determined by the department of local government finance.

(c) If in any state fiscal year insufficient money is available in the tax relief fund to make all of the distributions approved under IC 6-1.1-21.2 for a state fiscal year, the budget director shall proportionately reduce the total distribution made to each allocation area in the state fiscal year. The reduced amount is equal

C o p y

to the amount approved for distribution to the allocation area multiplied by a fraction. The numerator is the amount available for distribution to allocation areas (as defined in IC 6-1.1-21.2-2). The denominator is the amount approved for distribution to allocation areas (as defined in IC 6-1.1-21.2-2) under IC 6-1.1-21.2. The budget director may reduce or delay any scheduled distribution to comply with this subsection.

Sec. 16. After December 31, 2003, an amount of money in the tuition support stabilization fund determined by the budget director may be used to meet the state's obligations for tuition support distributions to school corporations in a state fiscal year if the budget director determines that general fund revenues being collected in the state fiscal year are insufficient to meet the state's obligations for tuition support.

SECTION 13. 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.

C o p y

(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

C o p y

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

C o p y

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.

SECTION 14. IC 4-12-9-1, AS ADDED BY P.L.21-2000, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. ~~As used in~~ **The following definitions apply throughout** this chapter:

(1) "Fund" refers to the tobacco farmers ~~and rural community impact~~ fund established by section 2 of this chapter.

(2) "Master settlement agreement" has the meaning set forth in IC 24-3-3-6.

(3) "Phase II agreement" refers to the National Tobacco Grower Settlement Trust Agreement entered into by tobacco growing states and major tobacco companies and dated July 19, 1999.

(4) "Phase II payment program" refers to the payments to tobacco growers and quota owners established by the National Tobacco Grower Settlement Trust Agreement entered into by tobacco growing states and major tobacco companies and dated July 19, 1999.

(5) "Tobacco grower" has the meaning set forth in the National Tobacco Grower Settlement Trust Agreement.

(6) "Tobacco quota owner" has the meaning set forth in the National Tobacco Grower Settlement Trust Agreement.

SECTION 15. IC 4-12-9-2, AS AMENDED BY P.L.291-2001, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The tobacco farmers ~~and rural community impact~~ fund is established. The fund shall be administered by the commissioner of agriculture. The fund consists of:

(1) amounts, if any, that another statute requires to be distributed to the fund from the Indiana tobacco master settlement agreement fund;

(2) appropriations to the fund from other sources;

(3) grants, gifts, and donations intended for deposit in the fund;

C o p y

and

(4) interest that accrues from money in the fund.

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

(c) Notwithstanding IC 5-13, 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 money is invested by the public employees retirement fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts.

(d) Money in the fund at the end of the state fiscal year does not revert to the state general fund and remains available for expenditure.

SECTION 16. IC 4-12-9-3, AS AMENDED BY P.L.291-2001, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. ~~(a) Subject to subsection (b),~~ Money in the fund shall be used for ~~the following purposes:~~ **distributions under section 5 of this chapter.**

~~(1) Agricultural grant and loan programs to assist cooperative arrangements consisting of tobacco quota owners and tobacco growers working together to transition from tobacco production to other agricultural enterprises and to assist individual tobacco quota owners and tobacco growers who are in the process of transitioning to other agricultural enterprises.~~

~~(2) Value-added cooperatives, incubators, and other enterprises or facilities established for the purpose of assisting tobacco quota owners and tobacco growers to capture additional revenues from non-tobacco agricultural commodities.~~

~~(3) Agricultural mentoring programs, entrepreneurial leadership development, and tuition and scholarships to assist displaced tobacco growers in acquiring new training and employment skills.~~

~~(4) Academic research to identify new transitional crop enterprises to replace tobacco production.~~

~~(5) Market facility development for marketing current and new crop enterprises.~~

~~(6) Administrative and planning services for local communities and economic development entities that suffer a negative impact from the loss of tobacco production.~~

~~(7) Establishment and operation of a regional economic development consortium to address common problems faced by local communities that suffer a negative impact from the loss of tobacco production.~~

C o p y

~~(b) Expenditures from the fund are subject to appropriation by the general assembly and approval by the commissioner of agriculture. The commissioner of agriculture may not approve an expenditure from the fund unless that expenditure has been recommended by the advisory board established by section 4 of this chapter.~~

SECTION 17. IC 4-12-9-4, AS ADDED BY P.L.291-2001, SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) The tobacco farmers ~~and rural community impact~~ fund advisory board is established. The advisory board shall meet at least quarterly and at the call of the commissioner of agriculture to make recommendations concerning expenditures of money from the fund.

(b) The advisory board consists of the following:

(1) The commissioner of agriculture, who is an ex officio member and serves as chairperson of the advisory board.

(2) Two (2) members of the senate, who may not be members of the same political party, appointed by the president pro tempore of the senate.

(3) Two (2) members of the house of representatives, who may not be members of the same political party, appointed by the speaker of the house of representatives.

(4) The following appointees by the governor who represent the following organizations or interests:

(A) Two (2) tobacco growers.

(B) One (1) tobacco quota owner.

(C) Two (2) persons with knowledge and experience in state and regional economic development needs.

(D) One (1) person representing small towns or rural communities.

(E) One (1) person representing the Indiana Rural Development Council.

(F) One (1) person representing the Southern Indiana Rural Development Project.

(G) One (1) person representing agricultural programs at universities located in Indiana.

The members of the advisory board listed in subdivisions (1) through (3) are nonvoting members. The members of the advisory board listed in subdivision (4) are voting members.

(c) The term of office of a legislative member of the advisory board is four (4) years. However, a legislative member of the advisory board ceases to be a member of the advisory board if the member:

(1) is no longer a member of the chamber from which the member

C o p y

was appointed; or

(2) is removed from the advisory board under subsection (d).

(d) A legislative member of the advisory board may be removed at any time by the appointing authority who appointed the legislative member.

(e) The term of office of a member of the advisory board appointed under subsection (a)(4) is four (4) years. However, these members serve at the pleasure of the governor and may be removed for any reason.

(f) If a vacancy exists on the advisory board with respect to a legislative member or the members appointed under subsection (a)(4), the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy for the balance of the unexpired term.

(g) Five (5) voting members of the advisory board constitute a quorum for the transaction of business at a meeting of the advisory board. The affirmative vote of at least five (5) voting members of the advisory board is necessary for the advisory board to take action.

(h) Each member of the advisory board who is not a state employee is not entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is, however, entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(i) Each member of the advisory board who is a state employee but who is not a member of the general assembly is entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) Each member of the advisory board who is a member of the general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(k) Payments authorized for members of the advisory board under subsections (h) through (i) are payable from the tobacco farmers and rural community impact fund.

C o p y

SECTION 18. IC 4-12-9-5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 5. (a) If the payments due and payable to:**

(1) tobacco growers; and

(2) tobacco quota owners;

under the Phase II payment program are less than the amount established in the Phase II agreement, the Phase II payment program shall be supplemented from the master settlement agreement to make the total payments to tobacco growers and tobacco quota owners equal to the amount described in the Phase II agreement.

(b) If payments owed tobacco growers and tobacco quota owners are less than the amount described in the Phase II agreement:

(1) the commissioner of agriculture shall determine how much money from the master settlement agreement is required to make up the difference between the amount due under the Phase II payment program and the amount established in the Phase II agreement;

(2) the commissioner of agriculture shall certify this amount to the budget agency and the auditor of state; and

(3) the amount certified by the commissioner of agriculture shall be transferred from the master settlement agreement to the Phase II payment program.

(c) This section expires January 1, 2010.

SECTION 19. IC 4-12-1-14.3, AS AMENDED BY P.L.291-2001, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 14.3. (a) As used in this section, "master settlement agreement" has the meaning set forth in IC 24-3-3-6.

(b) There is hereby created the Indiana tobacco master settlement agreement fund for the purpose of depositing and distributing money received under the master settlement agreement. The fund consists of:

(1) all money received by the state under the master settlement agreement;

(2) appropriations made to the fund by the general assembly; ~~and~~

(3) grants, gifts, and donations intended for deposit in the fund; **and**

(4) interest that accrues from investment of money in the fund.

(c) Money may be expended, transferred, or distributed from the fund during a state fiscal year only ~~in amounts permitted by subsections (d) through (e), and only~~ if the expenditures, transfers, or distributions

C o p y

are specifically authorized by **this section or** another statute.

~~(d) The maximum amount of expenditures, transfers, or distributions that may be made from the fund during the state fiscal year beginning July 1, 2000, is determined under STEP THREE of the following formula:~~

~~STEP ONE: Determine the sum of money received or to be received by the state under the master settlement agreement before July 1, 2001.~~

~~STEP TWO: Subtract from the STEP ONE sum the amount appropriated by P.L.273-1999, SECTION 8, to the children's health insurance program from funds accruing to the state from the tobacco settlement for the state fiscal years beginning July 1, 1999, and July 1, 2000.~~

~~STEP THREE: Multiply the STEP TWO remainder by fifty percent (50%).~~

~~(e) The maximum amount of expenditures, transfers, or distributions that may be made from the fund during the state fiscal year beginning July 1, 2001, and each state fiscal year after that is determined under STEP THREE of the following formula:~~

~~STEP ONE: Determine the amount of money received or to be received by the state under the master settlement agreement during that state fiscal year.~~

~~STEP TWO: Multiply the STEP ONE amount by sixty percent (60%).~~

~~STEP THREE: Add to the STEP TWO product any amounts that were available for expenditure, transfer, or distribution under this subsection or subsection (d) during preceding state fiscal years but that were not expended, transferred, or distributed.~~

~~(f) The following amounts shall be retained in the fund and may not be expended, transferred, or otherwise distributed from the fund:~~

~~(1) All of the money that is received by the state under the master settlement agreement and remains in the fund after the expenditures, transfers, or distributions permitted under subsections (c) through (e).~~

~~(2) All interest that accrues from investment of money in the fund, unless specifically appropriated by the general assembly. Interest that is appropriated from the fund by the general assembly may not be considered in determining the maximum amount of expenditures, transfers, or distributions under subsection (e).~~

(d) The treasurer of state shall transfer the first ninety million dollars ($90,000,000) deposited in the fund during each state fiscal year to the state general fund and credit this amount to a special

C o p y

account to be used for health care expenses.

~~(g)~~ **(e)** The fund shall be administered by the budget agency. Notwithstanding IC 5-13, 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 money is invested by the public employees retirement fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the investment of the fund and may pay the state expenses incurred under those contracts from the fund. Interest that accrues from these investments shall be deposited in the fund. Money in the fund at the end of the state fiscal year does not revert to the state general fund.

~~(h)~~ **(f)** The state general fund is not liable for payment of a shortfall in expenditures, transfers, or distributions from the Indiana tobacco master settlement agreement fund or any other fund due to a delay, reduction, or cancellation of payments scheduled to be received by the state under the master settlement agreement. If such a shortfall occurs in any state fiscal year, the budget agency shall make the full transfer to the regional health facilities construction account and then reduce all remaining expenditures, transfers, and distributions affected by the shortfall.

SECTION 20. IC 4-21.5-2-4, AS AMENDED BY P.L.198-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) This article does not apply to any of the following agencies:

(1) The governor.
(2) The state board of accounts.
(3) The state educational institutions (as defined by IC 20-12-0.5-1).
(4) The department of workforce development.
(5) The unemployment insurance review board of the department of workforce development.
(6) The worker's compensation board.
(7) The military officers or boards.
(8) The Indiana utility regulatory commission.
(9) The department of state revenue (excluding an agency action related to the licensure of private employment agencies **or an agency action under IC 6-2.2-13-2 through IC 6-2.2-13-7).**

(b) This article does not apply to action related to railroad rate and tariff regulation by the Indiana department of transportation.

SECTION 21. IC 4-15-15 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE

C o p y

JULY 1, 2002]:

Chapter 15. Unpaid Leave for State Employees

Sec. 1. As used in this chapter, "employee" means a person who is employed full time by a state agency.

Sec. 2. As used in this chapter, "state agency" means an authority, a board, a branch, a bureau, a commission, a committee, a council, a department, a division, an office, an officer, a service, or an instrumentality of the executive, judicial, or legislative branch of state government. The term does not include state supported colleges or universities or the agencies of any municipality or political subdivision of the state.

Sec. 3. (a) An employee of a state agency who obtains consent from the employee's supervisor or appointing authority shall be granted leave from work without pay for not more than one (1) work day per month.

(b) The leave permitted under this chapter does not accrue to the employee if the leave is unused during the month for which it is allowed.

(c) An employee granted leave under this chapter does not lose accrued:

(1) seniority;
(2) vacation leave;
(3) sick leave;
(4) personal vacation days;
(5) compensatory time off; or
(6) overtime.

SECTION 22. IC 4-30-17-3.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3.5. (a) Two (2) segregated accounts shall be established within the build Indiana fund as follows:

(1) The state and local capital projects account.
(2) The lottery and gaming surplus account.

(b) Upon receiving surplus lottery revenue distributions from the state lottery commission and surplus gaming revenue distributions from the state gaming commission, the treasurer of state shall credit the surplus lottery revenue and surplus gaming revenue to the lottery and gaming surplus account. All money remaining in the lottery and gaming surplus account after the ~~transfer~~ **transfers** required by ~~subsection~~ **subsections** (c) **and (e)** shall be transferred to the state and local capital projects account.

(c) Before the twenty-fifth day of the month, the auditor of state shall transfer from the lottery and gaming surplus account to the state

C o p y

general fund motor vehicle excise tax replacement account an amount equal to the following:

(1) In calendar year 1996, eleven million six hundred twenty-five thousand dollars ($11,625,000) per month.

(2) In calendar year 1997, twelve million nine hundred twenty-five thousand twenty dollars ($12,925,020) per month.

(3) In calendar year 1998, fifteen million ten thousand dollars ($15,010,000) per month.

(4) In calendar year 1999, seventeen million one hundred ninety-two thousand dollars ($17,192,000) per month.

(5) In calendar year 2000 nineteen million four hundred thirty-five thousand two hundred ten dollars ($19,435,210) per month.

(6) In calendar year 2001 and each year thereafter, nineteen million six hundred eighty-four thousand three hundred seventy dollars ($19,684,370) per month.

(d) This subsection applies only if insufficient money is available in the lottery and gaming surplus account of the build Indiana fund to make the distributions to the state general fund motor vehicle excise tax replacement account that are required under subsection (c). Before the twenty-fifth day of each month, the auditor of state shall transfer from the state general fund to the state general fund motor vehicle excise tax replacement account the difference between:

(1) the amount that subsection (c) requires the auditor of state to distribute from the lottery and gaming surplus account of the build Indiana fund to the state general fund motor vehicle excise tax replacement account; and

(2) the amount that is available for distribution from the lottery and gaming surplus account in the build Indiana fund to the state general fund motor vehicle excise tax replacement account.

The transfers required under this subsection are annually appropriated from the state general fund.

(e) Before the last business day of January, April, July, and October of each year, and after the transfers required by subsection (c), the auditor of state shall transfer twenty-five million dollars ($25,000,000) from the lottery and gaming surplus account to the state general fund.

SECTION 23. IC 4-33-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. A tax is imposed on admissions to gambling excursions authorized under this article at a rate of ~~three~~ **four** dollars ~~($3)~~ **($4)** for each person admitted to the gambling excursion. This admission tax is imposed upon the licensed

C o p y

owner conducting the gambling excursion.

SECTION 24. IC 4-33-12-6, AS AMENDED BY P.L.215-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsection (c) and IC 6-3.1-20-7, the treasurer of state shall ~~quarterly~~ **monthly** pay the following amounts:

(1) One dollar ($1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

(i) is described in IC 4-33-6-1(a)(1) through IC 4-33-6-1(a)(4) or in IC 4-33-6-1(b); or

(ii) is contiguous to the Ohio River and is the largest city in the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) One dollar ($1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar ($1) is in addition to the one dollar ($1) received under subdivision (1)(B).

(3) Ten cents ($0.10) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Fifteen cents ($0.15) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during a quarter shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Ten cents ($0.10) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Sixty-five cents ($0.65) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the Indiana horse racing commission

C o p y

to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(7) One dollar ($1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the state general fund.

(c) With respect to tax revenue collected from a riverboat that operates on Patoka Lake, the treasurer of state shall ~~quarterly~~ **monthly** pay the following amounts:

(1) The counties described in IC 4-33-1-1(3) shall receive one dollar ($1) of the admissions tax collected for each person embarking on the riverboat during the quarter. This amount shall be divided equally among the counties described in IC 4-33-1-1(3).

(2) The Patoka Lake development account established under IC 4-33-15 shall receive one dollar ($1) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(3) The resource conservation and development program that:

(A) is established under 16 U.S.C. 3451 et seq.; and

(B) serves the Patoka Lake area;

shall receive forty cents ($0.40) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(4) The state general fund shall receive fifty cents ($0.50) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(5) The division of mental health and addiction shall receive ten cents ($0.10) of the admissions tax collected for each person embarking on the riverboat during the quarter. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

C o p y

(d) Money paid to a unit of local government under subsection (b)(1) through (b)(2) or subsection (c)(1):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5, but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(e) Money paid by the treasurer of state under subsection (b)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(f) Money received by the division of mental health and addiction under subsections (b)(5) and (c)(5):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

SECTION 25. IC 4-33-13-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) A tax is imposed on the adjusted gross receipts received from gambling games authorized under this article at the rate of:

(1) twenty percent (20%) of the ~~amount~~ **first twenty-five million dollars ($25,000,000)** of ~~the~~ adjusted gross receipts **of a taxpayer in a taxable year; and**

C o p y

(2) twenty-two and five-tenths percent (22.5%) of adjusted gross receipts of a taxpayer in a taxable year that exceed twenty-five million dollars ($25,000,000).

(b) The licensed owner shall remit the tax imposed by this chapter to the department before the close of the business day following the day the wagers are made.

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(e)).

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensed owner to file a monthly report to reconcile the amounts remitted to the department.

(e) The department may allow taxes remitted under this section to be reported on the same form used for taxes paid under IC 4-33-12.

(f) Each month the department shall determine the following:

(1) The amount of taxes imposed by this chapter that are remitted by a licensed owner.

(2) The amount of taxes imposed by this chapter that would have been remitted by a licensed owner if the licensed owner's adjusted gross receipts received from gambling games authorized by this article had been taxed at the rate of twenty percent (20%).

(3) The result of the subdivision (2) amount multiplied by twenty-five percent (25%).

(4) The result of the subdivision (2) amount multiplied by seventy-five percent (75%).

(5) The result of the subdivision (1) amount minus the subdivision (2) amount.

SECTION 26. IC 4-33-13-5, AS AMENDED BY P.L.273-1999, SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) ~~Twenty-five percent (25%) of the tax revenue remitted by~~ **The amount determined under section 1(f)(3) of this chapter for** each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a city described in IC 4-33-12-6(b)(1)(A);

(B) in equal shares to the counties described in IC 4-33-1-1(3), in the case of a riverboat whose home dock is on Patoka Lake;

C o p y

or

(C) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A) or a county described in clause (B); and

(2) ~~Seventy-five percent (75%) of the tax revenue remitted by~~ **The amount determined under section 1(f)(4) of this chapter for** each licensed owner shall be paid to the build Indiana fund lottery and gaming surplus account.

(3) The amount determined under section 1(f)(5) of this chapter for each licensed owner shall be paid to the state general fund.

SECTION 27. IC 5-2-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. (a) Except as provided in subsection (c), on request for release or inspection of a limited criminal history, law enforcement agencies may ~~and the department shall~~ do the following:

(1) Require a form, provided by them, to be completed. This form shall be maintained for a period of two (2) years and shall be available to the record subject upon request.

(2) Collect a three dollar ($3) fee to defray the cost of processing a request for inspection.

(3) Collect a seven dollar ($7) fee to defray the cost of processing a request for release. ~~However, law enforcement agencies and the department may not charge the fee for requests received from the parent locator service of the child support bureau of the division of family and children.~~

(b) **Except as provided in subsection (c), on request for release or inspection of a limited criminal history, the department shall do the following:**

(1) Require a form, provided by the department, to be completed. This form shall be maintained for a period of two (2) years and shall be available to the record subject upon request.

(2) Collect fees set by rule to defray the cost of processing a request for release or inspection.

(c) Law enforcement agencies and the department shall edit information so that the only information released or inspected is information which:

(1) has been requested; and

(2) is limited criminal history information.

~~(c)~~ **(d)** The fee required under subsection (a) **or (b)** shall be waived

C o p y

if the request is from the:

(1) institute for conviction information that will be used to establish or update the sex and violent offender registry under IC 5-2-12; **or**

(2) parent locator service of the child support bureau of the division of family and children.

SECTION 28. IC 5-10-8-8.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 14, 2002 (RETROACTIVE)]: **Sec. 8.5. (a) As used in this section, "former employee" means an individual who:**

(1) was employed at a facility operated by the division of disability, aging, and rehabilitative services (IC 12-9-1-1), the division of mental health and addiction (IC 12-21-1-1), the state department of health (IC 16-19-1-1), or the department of correction (IC 11-8-2-1);

(2) was laid off or terminated from employment after March 14, 2002, solely because of the closing or downsizing of a facility; and

(3) has not found a job elsewhere with a state agency.

(b) After March 14, 2002, the state shall provide to a former employee continued participation in a group health insurance program offered to active employees of the state for one (1) year after the date of termination or layoff.

(c) The state shall continue to make the employer contribution for former employees for a period of one (1) year or until the employee is covered by health insurance either:

(1) due to reemployment with the state; or

(2) due to employment in the private sector where the plan covering the employee is at least as beneficial to the employee as the state plan.

SECTION 29. 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.

C o p y

(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 30. 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

C o p y

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.

SECTION 31. IC 6-1.1-1-8.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.7. "Low income housing" means real property that on an assessment date is used to obtain any of the following benefits:**

(1) Low income housing credits under Section 42 of the Internal Revenue Code.

(2) Low interest loans for benefits from the United States Department of Agriculture Rural Housing Section 515 Program.

(3) Below market, federally insured, or governmental financing for housing, including tax exempt bonds under Section 142 of the Internal Revenue Code for qualified residential rental projects.

(4) A low interest loan under Section 235 or 236 of the National Housing Act (12 U.S.C. 1715z or 12 U.S.C. 1715z-1) or 42 U.S.C. 1485.

C o p y

(5) A government rent subsidy for housing.

(6) A government guaranteed loan for a housing project.

SECTION 32. IC 6-1.1-1-8.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.8. "Multifamily dwelling complex" refers to one (1) or more adjacent tracts and the building or buildings on the tracts that each contain at least two (2) residential units and are under common management or control.**

SECTION 33. IC 6-1.1-1-13.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 13.5. (a) "Principal rental dwelling" refers to residential improvements to land that an individual with a leasehold interest in the property uses as the individual's principal place of residence, regardless of whether the individual is absent from the property while in a facility described in subsection (b).**

(b) The term does not include any of the following:

(1) A hospital licensed under IC 16-21.

(2) A health facility licensed under IC 16-28.

(3) A residential facility licensed under IC 16-28.

(4) A Christian Science home or sanatorium.

(5) A group home licensed under IC 12-17.4 or IC 12-28-4.

(6) An establishment that serves as an emergency shelter for victims of domestic violence, homeless persons, or other similar purpose.

(7) A fraternity, sorority, or student cooperative housing organization described in IC 6-2.1-3-19.

SECTION 34. IC 6-1.1-3-7.5, AS AMENDED BY P.L.198-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7.5. (a) A taxpayer may file an amended personal property tax return, in conformity with the rules adopted by the state board of tax commissioners (before the board was abolished) or the department of local government finance, not more than six (6) months after the later of the following:

(1) The filing date for the original personal property tax return, if the taxpayer is not granted an extension in which to file under section 7 of this chapter.

(2) The extension date for the original personal property tax return, if the taxpayer is granted an extension under section 7 of this chapter.

(b) A tax adjustment related to an amended personal property tax return shall be made in conformity with rules adopted under IC 4-22-2

C o p y

by the state board of tax commissioners (before the board was abolished) or the department of local government finance.

(c) If a taxpayer wishes to correct an error made by the taxpayer on the taxpayer's original personal property tax return, the taxpayer must file an amended personal property tax return under this section within the time required by subsection (a). A taxpayer may claim on an amended personal property tax return any adjustment or exemption that would have been allowable under any statute or rule adopted by the state board of tax commissioners (before the board was abolished) or the department of local government finance if the adjustment or exemption had been claimed on the original personal property tax return.

(d) Notwithstanding any other provision, if:

(1) a taxpayer files an amended personal property tax return under this section in order to correct an error made by the taxpayer on the taxpayer's original personal property tax return; and

(2) the taxpayer is entitled to a refund of personal property taxes paid by the taxpayer under the original personal property tax return;

the taxpayer is not entitled to interest on the refund.

(e) If a taxpayer files an amended personal property tax return for a year before July 16 of that year, the taxpayer shall pay taxes payable in the immediately succeeding year based on the assessed value reported on the amended return.

(f) If a taxpayer files an amended personal property tax return for a year after July 15 of that year, the taxpayer shall pay taxes payable in the immediately succeeding year based on the assessed value reported on the taxpayer's original personal property tax return. A taxpayer that paid taxes under this subsection is entitled to a credit in the amount of taxes paid by the taxpayer on the remainder of:

(1) the assessed value reported on the taxpayer's original personal property tax return; minus

(2) the finally determined assessed value that results from the filing of the taxpayer's amended personal property tax return.

Except as provided in subsection (k), the county auditor shall apply the credit against the taxpayer's property taxes on personal property payable in the year that immediately succeeds the year in which the taxes were paid.

(g) If the amount of the credit to which the taxpayer is entitled under subsection (f) exceeds the amount of the taxpayer's property taxes on personal property payable in the year that immediately succeeds the year in which the taxes were paid, the county auditor shall apply the

C o p y

amount of the excess credit against the taxpayer's property taxes on personal property in the next succeeding year.

(h) Not later than December 31 of the year in which a credit is applied under subsection (g), the county auditor shall refund to the taxpayer the amount of any excess credit that remains after application of the credit under subsection (g).

(i) The taxpayer is not required to file an application for:

(1) a credit under subsection (f) or (g); or

(2) a refund under subsection (h).

(j) Before August 1 of each year, the county auditor shall provide to each taxing unit in the county an estimate of the total amount of the credits under subsection (f) or (g) that will be applied against taxes imposed by the taxing unit that are payable in the immediately succeeding year.

(k) A county auditor may refund a credit amount to a taxpayer before the time the credit would otherwise be applied against property tax payments under this section.

(l) The county auditor shall report to the department of state revenue any refund or credit to a taxpayer made under this section resulting from a reduction of the amount of an assessment of business personal property (as defined in IC 6-3.1-24-2).

SECTION 35. IC 6-1.1-4-4, AS AMENDED BY P.L.198-2001, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2000, and each fourth year thereafter. Each reassessment shall be completed on or before March 1, of the immediately following even-numbered year, and shall be the basis for taxes payable in the year following the year in which the general assessment is to be completed. **However, the general reassessment scheduled to begin under this subsection on July 1, 2000, shall be completed on or before March 1, 2003, and shall be the basis for taxes first due and payable in 2004.**

(b) In order to ensure that assessing officials and members of each county property tax assessment board of appeals are prepared for a general reassessment of real property, the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall give adequate advance notice of the general reassessment to the county and township taxing officials of each county.

SECTION 36. IC 6-1.1-4-32, AS ADDED BY P.L.151-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "qualifying

C o p y

county" means a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(b) Notwithstanding IC 6-1.1-4-15 and IC 6-1.1-4-17, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be completed for the March 1, ~~2002,~~ **2003,** assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

(1) a township assessor in a qualifying county; or

(2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the state board of tax commissioners or the state board's contractor under subsection (c) any support and information requested by the state board or the contractor.

(c) The state board of tax commissioners **or its successor, the department of local government finance,** shall select and contract with a nationally recognized certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be completed for the March 1, ~~2002,~~ **2003,** assessment date. The contract applies for the appraisal of land and improvements with respect to all classes of real property in the qualifying county. The contract must include:

(1) a provision requiring the appraisal firm to:

(A) prepare a detailed report of:

(i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under ~~IC 6-1.1-4-28;~~ **section 28.5 of this chapter;** and

(ii) the balance in the reassessment fund as of the date of the report; and

(B) file the report with:

(i) the legislative body of the qualifying county;

(ii) the prosecuting attorney of the qualifying county;

(iii) the ~~state board~~ **department** of ~~tax commissioners;~~ **local government finance;** and

(iv) the attorney general;

(2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;

(3) a provision requiring the appraisal firm to use the land values determined for the qualifying county under ~~IC 6-1.1-4-13.6;~~ **section 13.6 of this chapter;**

(4) a penalty clause under which the amount to be paid for

C o p y

appraisal services is decreased for failure to complete specified services within the specified time;

(5) a provision requiring the appraisal firm to make periodic reports to the state board of tax commissioners;

(6) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (5) are to be made;

(7) a precise stipulation of what service or services are to be provided;

(8) a provision requiring the appraisal firm to deliver a report of the assessed value of each parcel in a township in the qualifying county to the ~~state board~~ **department** of ~~tax commissioners;~~ **local government finance;** and

(9) any other provisions required by the state board of tax commissioners.

(d) After receiving the report of assessed values from the appraisal firm, the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment is subject to appeal by the taxpayer to the ~~state~~ **Indiana** board. ~~of tax commissioners.~~ Except as provided in subsection (e), the procedures and time limitations that apply to an appeal to the ~~state~~ **Indiana** board ~~of tax commissioners~~ of a determination of the county property tax assessment board of appeals under IC 6-1.1-15 apply to an appeal under this subsection. A determination by the ~~state~~ **Indiana** board ~~of tax commissioners~~ of an appeal under this subsection is subject to appeal to the tax court under IC 6-1.1-15.

(e) In order to obtain a review by the ~~state~~ **Indiana** board ~~of tax commissioners~~ under subsection (d), the taxpayer must file a petition for review with the appropriate county assessor within forty-five (45) days after the notice of the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** is given to the taxpayer under subsection (d).

(f) The ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall mail the notice required by subsection (d) within ninety (90) days after the board receives the report for a parcel from the professional appraisal firm.

(g) The cost of a contract under this section shall be paid from the property reassessment fund of the qualifying county established under ~~IC 6-1.1-4-27.~~ **section 27.5 of this chapter.**

(h) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2

C o p y

on a contract of the state board of tax commissioners **or its successor, the department of local government finance,** under this section:

(1) The commissioner of the department of administration.

(2) The director of the budget agency.

(3) The attorney general.

(4) The governor.

A contract issued under this section by the state board of tax commissioners shall be treated as the contract of the department of local government finance for all purposes.

(i) With respect to a general reassessment of real property to be completed under IC 6-1.1-4-4 for an assessment date after the March 1, ~~2002,~~ **2003,** assessment date, the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying county. The ~~state board~~ **department of local government finance** may contract to have the review performed by an appraisal firm. The ~~state board~~ **department of local government finance** or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

(1) the total assessed valuation of the real property within the qualifying county or township; and

(2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(j) If:

(1) the variance determined under subsection (i) exceeds ten percent (10%); and

(2) the ~~state board of tax commissioners~~ **department of local government finance** determines after holding hearings on the matter that a special reassessment should be conducted;

the ~~state board~~ **department of local government finance** shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

(k) If the variance determined under subsection (i) is ten percent (10%) or less, the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall determine whether to correct the valuation of the property under:

(1) sections 9 and 10 of this chapter; or

(2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

(l) The ~~state board~~ **department** of ~~tax commissioners~~ **local**

C o p y

government finance shall give notice by mail to a taxpayer of a hearing concerning the ~~state board's~~ intent **of the department of local government finance** to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The ~~state board~~ **department of local government finance** may conduct a single hearing under this section with respect to multiple properties. The notice must state:

(1) the time of the hearing;

(2) the location of the hearing; and

(3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the ~~state board's~~ intent **of the department of local government finance** to reassess property under this chapter.

(m) If the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** determines after the hearing that property should be reassessed under this section, the ~~state board~~ **department of local government finance** shall:

(1) cause the property to be reassessed under this section;

(2) mail a certified notice of its final determination to the county auditor of the qualifying county in which the property is located; and

(3) notify the taxpayer by mail of its final determination.

(n) A reassessment may be made under this section only if the notice of the final determination under subsection (l) is given to the taxpayer within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

(o) If the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** contracts for a special reassessment of property under this section, the ~~state board~~ **department of local government finance** shall forward the bill for services of the contractor to the county auditor, and the county shall pay the bill from the county reassessment fund.

(p) A township assessor in a qualifying county or a county assessor of a qualifying county shall provide information requested in writing by the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** or ~~the state board's~~ **its** contractor under this section not later than seven (7) days after receipt of the written request from the state board or the contractor. If a township assessor or county assessor fails to provide the requested information within the time permitted in this subsection, the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** or ~~the state board's~~ **its** contractor may seek an

C o p y

order of the tax court under IC 33-3-5-2.5 for production of the information.

(q) The provisions of this section are severable in the manner provided in IC 1-1-1-8(b).

SECTION 37. IC 6-1.1-4-33 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 33. (a) This section applies only to property taxes first due and payable in 2003.**

(b) Notwithstanding the rulemaking authority granted to the department of local government finance under IC 6-1.1, the repeal of various provisions in 50 IAC 2.2 by LSA Document #00-108, and the repeal of various provisions in 50 IAC 5.1 by LSA Document #01-347, the determination of the assessed value of tangible real property on an assessment date in calendar year 2002 shall be made in accordance with the:

(1) statutes; and

(2) rules of the state board of tax commissioners (before its termination);

in effect on July 1, 2001, and any statute enacted by the general assembly in 2002 that applies to an assessment date in 2002.

(c) This section expires January 1, 2004.

SECTION 38. IC 6-1.1-6.9 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 6.9. Rental and Cooperative Housing

Sec. 1. Notwithstanding any provision in the 2002 Real Property Assessment Manual and Real Property Assessment Guidelines for 2002-Version A, incorporated by reference in the rules of the local government finance commissioner, as codified at 50 IAC 2.3-1-2, a county property tax assessment board of appeals or the Indiana board shall consider all evidence relevant to the assessment of residential rental property regardless of whether the evidence was submitted to the township assessor before the assessment of the property.

Sec. 2. The true tax value of low income rental housing shall be determined using the capitalization of income method of valuation.

Sec. 3. The value of any tax incentive credits or other government subsidies, including below market financing, granted for the construction, conversion, or use of property as low income housing may not be considered in determining the true tax value of the property regardless of whether the credits or other subsidies are made available, directly or indirectly, to compensate the owner

C o p y

for the rental of low income housing at a rate that is less than the fair market rental rate for the property.

SECTION 39. IC 6-1.1-8-37.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 37.5. (a) As used in this section, "base period tax amount" means the total property taxes first due and payable in Indiana by a public utility company during the period beginning January 1, 2003, and ending December 31, 2003.**

(b) If the total property taxes first due and payable in Indiana by a public utility company in any year beginning after December 31, 2003, are less than the base period tax amount for the public utility company, the public utility company shall pay a special assessment equal to:

(1) the base period tax amount owed by the public utility company (after adjusting the amount to recognize the effect of the reduction in school and county levies required by statute after December 31, 2003); minus

(2) the total property taxes first due and payable in Indiana by the public utility company for the particular year.

The special assessment is due and payable in the same year as the taxes described in subdivision (2).

(c) The department of local government finance shall calculate the amount of the special assessment under subsection (b) and determine the part of the special assessment that is attributable to each affected county. The department shall certify the part of the special assessment due to an affected county to that county auditor for the county not later than March 15 of the year the special assessment is due. The county auditor shall certify the county's part of the special assessment to the county treasurer, and the county treasurer shall collect that amount in the same manner that ad valorem property taxes are collected.

(d) The accounts of each of the taxing units within an affected county shall be credited with a proportionate share of the special assessment collected by the county under subsection (c) equal to the amount of the special assessment collected by the county multiplied by a fraction. The numerator of the fraction is equal to the amount of ad valorem property taxes credited to the account from property taxes first due and payable from the public utility company in the particular year. The denominator is the total ad valorem property taxes credited to all accounts in the county from property taxes first due and payable from the public utility

C o p y

company in the particular year.

(e) The distribution of the special assessment under this section shall be treated as ad valorem property taxes for the purposes of setting tax rates, tax levies, and budgets of taxing units.

SECTION 40. IC 6-1.1-8.7-3, AS ADDED BY P.L.198-2001, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Before January 1, ~~2003,~~ **2004,** two hundred fifty (250) or more owners of real property in a township may petition the department of local government finance to assess the real property of an industrial facility in the township for the 2004 assessment date.

(b) Before January 1 of each year that a general reassessment commences under IC 6-1.1-4-4, two hundred fifty (250) or more owners of real property in a township may petition the department of local government finance to assess the real property of an industrial facility in the township for that general reassessment.

(c) An industrial company may at any time petition the department of local government finance to assess an industrial facility owned or used by the company.

SECTION 41. 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

C o p y

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.

SECTION 42. IC 6-1.1-12-37, AS AMENDED BY P.L.291-2001, SECTION 142, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 37. (a) Each year a person who is entitled to receive the homestead credit provided under IC 6-1.1-20.9 for property taxes payable in the following year is entitled to a standard deduction from the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that qualifies for the homestead credit. The auditor of the county shall record and make the deduction for the person qualifying for the deduction.

(b) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

(1) one-half (1/2) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or

(2) ~~six~~ **twenty-five** thousand dollars ~~($6,000).~~ **($25,000).**

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 43. IC 6-1.1-12-41 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 41. (a) This section applies only to assessment dates in 2002.**

(b) As used in this section, "construction in process" means tangible personal property not placed in service. The term includes tangible personal property that has not been depreciated and is not

C o p y

yet eligible for federal income tax depreciation. The term does not include inventory, leased property, or returnable containers. The term applies to all tangible personal property regardless of whether it is owned by a public utility company or another taxpayer.

(c) A taxpayer is entitled to a deduction against the assessed value of tangible personal property equal to the greater of:

(1) zero (0); or

(2) the amount determined under subsection (d) or (e).

(d) The department of local government finance shall establish a method for computing a deduction for construction in process that results in an assessed value that is equal to the assessed value that would have been determined for the property under the personal property tax rules in effect for the 2001 assessment date.

(e) This subsection applies to tangible personal property that does not qualify as construction in process. The department of local government finance shall establish a method for computing a deduction for tangible personal property and mobile homes subject to assessment under IC 6-1.1-7 that results in the valuation of tangible personal property and mobile homes on a statewide basis at an amount that is equal to the assessed value that would have been determined for the tangible personal property and mobile homes under the personal property tax rules in effect for the 2001 assessment date.

(f) Each county auditor, with the assistance of the assessing officials in the county, shall review the personal property tax returns filed in the county for property taxes first due and payable in 2003. The county auditor shall identify each person owning property in the class of tangible personal property eligible for a deduction under this section and apply the deduction to the assessed value of the person's tangible personal property belonging to the class.

(g) Budgets, tax rates, and tax levies for 2003 must be computed using the assessed value of tangible personal property determined after the application of the deduction allowed under this section.

(h) This section expires January 1, 2004.

SECTION 44. IC 6-1.1-12-42 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 42. (a) This section applies to a multifamily dwelling complex.**

(b) The owner of a multifamily dwelling complex is entitled to a deduction from the assessed value of the multifamily dwelling

C o p y

complex equal to twenty-five thousand dollars ($25,000).

(c) A certificate of occupancy that complies with this subsection is prima facie evidence that the real property is a multifamily dwelling complex. To comply with this subsection, the certificate of occupancy must:

(1) be prepared on a form prescribed by the department of local government finance;

(2) be signed under penalties of perjury by owner of the multifamily dwelling complex or the principal officer of the entity owning the complex; and

(3) indicate that substantially all of the units in the multifamily dwelling complex were used as principal rental dwellings on an assessment date or within two (2) years before the assessment date.

(d) To obtain the deduction under this section, the:

(1) owner of the multifamily dwelling complex; or

(2) principal officer for the cooperative, common interest community, or owner's association owning the multifamily dwelling complex;

must file a certified application in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is subject to assessment. The certified application must be filed before May 11 in the year containing the assessment date to which the application applies.

(e) If the owner of the multifamily dwelling complex is eligible to receive:

(1) a homestead credit for the multifamily dwelling complex under IC 6-1.1-20.9; or

(2) the standard deduction for the multifamily dwelling complex under section 37 of this chapter;

the owner may not claim the deduction provided under this section.

(f) If the multifamily dwelling complex contains more than one (1) building with principal rental dwellings, the deduction provided this section shall be allocated among the tracts and buildings on the tracts in proportion to the assessed valuation of each tract and building.

SECTION 45. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.4-2000, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2002 (RETROACTIVE)]: Sec. 4.5. (a) For purposes of this section, "personal property" means personal property other than inventory (as defined in IC 6-1.1-3-11(a)).

(b) An applicant must provide a statement of benefits to the

C o p y

designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new manufacturing equipment or new research and development equipment, or both, for which the person desires to claim a deduction under this chapter. The state board of tax commissioners shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

(1) A description of the new manufacturing equipment or new research and development equipment, or both, that the person proposes to acquire.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment;

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment or new research and development equipment, or both, and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment or new research and development equipment, or both.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

With the approval of the state board of tax commissioners, 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.

(c) The designating body must review the statement of benefits required under subsection (b). The designating body shall determine whether an area should be designated an economic revitalization area or whether the deduction shall be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the cost of the new manufacturing equipment or new research and development equipment, or both, is reasonable for equipment of that type.

(2) With respect to:

C o p y

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment;

whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment or new research and development equipment, or both.

(3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed installation of new manufacturing equipment or new research and development equipment, or both.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.

(5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment or new research and development equipment, or both.

(6) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

(d) Except as provided in subsection (f), an owner of new manufacturing equipment whose statement of benefits is approved before May 1, 1991, is entitled to a deduction from the assessed value of that equipment for a period of five (5) years. Except as provided in subsections (f) and (i), an owner of new manufacturing equipment or new research and development equipment, or both, whose statement of benefits is approved after June 30, 2000, is entitled to a deduction from the assessed value of that equipment for the number of years determined by the designating body under subsection (h). Except as provided in subsections (f), ~~and~~ (g), **and (j)** and in section 2(i)(3) of this chapter, the amount of the deduction that an owner is entitled to for a particular year equals the product of:

C o p y

(1) the assessed value of the new manufacturing equipment or new research and development equipment, or both, in the year ~~that the equipment is installed,~~ **of deduction under the table set forth in subsection (e), as adjusted under section 4.7 of this chapter;** multiplied by

(2) the percentage prescribed in the table set forth in subsection (e).

(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
3rd and thereafter	0%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%
5th and thereafter	0%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%
6th and thereafter	0%

(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

C o p y

2nd	85%
3rd	66%
4th	50%
5th	34%
6th	25%
7th and thereafter	0%

(7) For deductions allowed over a seven (7) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	71%
4th	57%
5th	43%
6th	29%
7th	14%
8th and thereafter	0%

(8) For deductions allowed over an eight (8) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	75%
4th	63%
5th	50%
6th	38%
7th	25%
8th	13%
9th and thereafter	0%

(9) For deductions allowed over a nine (9) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	77%
4th	66%
5th	55%
6th	44%
7th	33%
8th	22%
9th	11%
10th and thereafter	0%

(10) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

C o p y

2nd	90%
3rd	80%
4th	70%
5th	60%
6th	50%
7th	40%
8th	30%
9th	20%
10th	10%
11th and thereafter	0%

(f) Notwithstanding subsections (d) and (e), a deduction under this section is not allowed in the first year the deduction is claimed for new manufacturing equipment or new research and development equipment, or both, to the extent that it would cause the assessed value of all of the personal property of the owner in the taxing district in which the equipment is located (excluding personal property that is assessed as construction in process) to be less than the assessed value of all of the personal property of the owner in that taxing district (excluding personal property that is assessed as construction in process) in the immediately preceding year.

(g) If a deduction is not fully allowed under subsection (f) in the first year the deduction is claimed, then the percentages specified in subsection (d) or (e) apply in the subsequent years to the amount of deduction that was allowed in the first year.

(h) For an economic revitalization area designated before July 1, 2000, the designating body shall determine whether a property owner whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. For an economic revitalization area designated after June 30, 2000, the designating body shall determine the number of years the deduction is allowed. However, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

(1) as part of the resolution adopted under section 2.5 of this chapter; or

(2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the state board of tax commissioners. A certified copy of the resolution shall be sent to the county auditor and the state board of tax commissioners.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

C o p y

(i) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that assessment year the owner:

(1) is convicted of a violation under IC 13-7-13-3 (repealed), IC 13-7-13-4 (repealed), or IC 13-30-6; or

(2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

(j) The deduction determined under this subsection applies only to new manufacturing equipment or new research and development equipment, or both installed before March 2, 2001. The department of local government finance shall determine the deduction so that the amount of the deduction for the year bears the same proportion to the assessed value of the equipment for the year that the amount of the deduction determined for the year under this section as in effect on March 1, 2001, bears to the assessed value of the equipment determined for the year using 50 IAC 4.2 and 50 IAC 5.1 as in effect on January 1, 2001. The department of local government finance shall adopt rules under IC 4-22-2 for the implementation of this subsection.

SECTION 46. IC 6-1.1-15-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. If a review or appeal authorized under this chapter results in a reduction of the amount of an assessment or if the ~~state board of tax commissioners~~ **department of local government finance** on its own motion reduces an assessment, the taxpayer is entitled to a credit in the amount of any overpayment of tax on the next successive tax installment, if any, due in that year. If, after the credit is given, a further amount is due the taxpayer, he may file a claim for the amount due. If the claim is allowed by the board of county commissioners, the county auditor shall, without an appropriation being required, pay the amount due the taxpayer. The county auditor shall charge the amount refunded to the taxpayer against the accounts of the various taxing units to which the overpayment has been paid. **The county auditor shall report to the department of state revenue any refund or credit to a taxpayer made under this section resulting from a reduction of the amount of an assessment of business personal property (as defined in IC 6-3.1-24-2).**

SECTION 47. IC 6-1.1-18.5-9.7, AS AMENDED BY P.L.273-1999,

C o p y

SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9.7. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed under any of the following:

~~(1) IC 12-16, except IC 12-16-1,~~

~~(2)~~ **(1)** IC 12-19-5.

~~(3)~~ **(2)** IC 12-19-7.

~~(4)~~ **(3)** IC 12-20-24.

(b) For purposes of computing the ad valorem property tax levy limits imposed under section 3 of this chapter, a county's or township's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed under the citations listed in subsection (a).

(c) Section 8(b) of this chapter does not apply to bonded indebtedness that will be repaid through property taxes imposed under IC 12-19.

SECTION 48. IC 6-1.1-18.6-2, AS AMENDED BY P.L.273-1999, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. A county may not impose a county family and children property tax levy for an ensuing calendar year that exceeds the product of:

(1) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for the ensuing calendar year; multiplied by

(2) **for:**

(A) calendar year 2004, fifty percent (50%) of the maximum county family and children property tax levy that the county could have imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section; **and**

(B) calendar year 2005 and thereafter, the maximum county family and children property tax levy that the county could have imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section.

SECTION 49. IC 6-1.1-18.6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) A county may increase its maximum county family and children property tax levy for an ensuing calendar year if in the judgment of the county fiscal body the increase is necessary to pay the obligations that will be incurred by the county for children in need of services under IC 31-34-1-1 through IC 31-34-1-9 and delinquent children as

C o p y

described under IC 31-37-1 or IC 31-37-2 during the ensuing calendar year. The maximum increase that the county fiscal body may recommend for a county may not exceed:

(1) **fifty percent (50%) of** the county's expected obligations under IC 31-34-1-1 through IC 31-34-1-9, IC 31-37-1, and IC 31-37-2 for the ensuing calendar year; minus

(2) the portion of the county's family and children's fund levy for the year preceding the ensuing calendar year that was available to pay obligations under IC 31-34-1-1 through IC 31-34-1-9, IC 31-37-1, and IC 31-37-2.

(b) In making its recommendation, the county fiscal body shall consider the county's estimate of expected obligations under IC 31-34-1-1 through IC 31-34-1-9, IC 31-37-1, and IC 31-37-2 but may make adjustments to the county's estimate.

(c) The decision of the county fiscal body under this section is a final determination that may not be appealed.

SECTION 50. IC 6-1.1-19-1.5, AS AMENDED BY P.L.291-2001, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

(1) "Adjustment factor" means the adjustment factor determined by the ~~state board of tax commissioners~~ **department of local government finance** for a school corporation under IC 6-1.1-34.

(2) "Adjusted target property tax rate" means:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the school corporation's adjustment factor.

(3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for an ensuing calendar year, impose a general fund ad valorem property tax levy which exceeds the following:

STEP ONE: Determine the result of:

(A) the school corporation's adjusted target property tax rate; minus

(B) the school corporation's previous year property tax rate.

STEP TWO: Determine the result of:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the quotient resulting from:

C o p y

(i) the absolute value of the result of the school corporation's adjustment factor minus one (1); divided by

(ii) two (2).

STEP THREE: If the school corporation's adjusted target property tax rate:

(A) exceeds the school corporation's previous year property tax rate, perform the calculation under STEP FOUR and not under STEP FIVE;

(B) is less than the school corporation's previous year property tax rate, perform the calculation under STEP FIVE and not under STEP FOUR; or

(C) equals the school corporation's previous year property tax rate, determine the levy resulting from using the school corporation's adjusted target property tax rate and do not perform the calculation under STEP FOUR or STEP FIVE.

~~The school corporation's 2002 assessed valuation shall be used for purposes of determining the levy under clause (C) in 2002 and in 2003.~~

STEP FOUR: Determine the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by the lesser of:

(A) the STEP ONE result; or

(B) the sum of:

(i) five cents ($0.05); plus

(ii) if the school corporation's adjustment factor is more than one (1), the STEP TWO result.

~~The school corporation's 2002 assessed valuation shall be used for purposes of determining the levy under this STEP in 2002 and in 2003.~~

STEP FIVE: **For a calendar year beginning before January 1, 2004,** determine the levy resulting from using the school corporation's previous year property tax rate after reducing the rate by the lesser of:

(A) the absolute value of the STEP ONE result; or

(B) the sum of:

(i) nine cents ($0.09); plus

(ii) if the school corporation's adjustment factor is less than one (1), the STEP TWO result.

~~The school corporation's 2002 assessed valuation shall be used for purposes of determining the levy under this STEP in 2002 and in 2003.~~

STEP SIX: **For a calendar year beginning after December 31,**

C o p y

2003, determine the levy resulting from using the school corporation's previous year property tax rate after reducing the rate by the absolute value of the STEP ONE result.

STEP SEVEN: Determine the result of:

(A) the STEP THREE (C), STEP FOUR, ~~or~~ STEP FIVE, **or STEP SIX** result, whichever applies; plus

(B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

The maximum levy is to include the portion of any excessive levy and the levy for new facilities.

(c) For purposes of this section, "total assessed value", as adjusted under subsection (d), with respect to a school corporation means the total assessed value of all taxable property for ad valorem property taxes first due and payable during that year.

(d) The ~~state board of tax commissioners~~ **department of local government finance** may adjust the total assessed value of a school corporation to eliminate the effects of appeals and settlements arising from a statewide general reassessment of real property.

(e) The ~~state board~~ **department of local government finance** shall annually establish an assessment ratio and adjustment factor for each school corporation to be used upon the review and recommendation of the budget committee. The information compiled, including background documentation, may not be used in a:

(1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13, IC 6-1.1-14, or IC 6-1.1-15;

(2) petition for a correction of error under IC 6-1.1-15-12; or

(3) petition for refund under IC 6-1.1-26.

(f) All tax rates shall be computed by rounding the rate to the nearest one-hundredth of a cent ($0.0001). All tax levies shall be computed by rounding the levy to the nearest dollar amount.

(g) The department of local government finance shall apply this section to:

(1) determine a school corporation's general fund ad valorem property tax levy for taxes due and payable after December 31, 2003; and

(2) effectuate the legislative intent of reducing each school corporation's general fund ad valorem property tax levy by fifty percent (50%) beginning January 1, 2004.

SECTION 51. IC 6-1.1-20.9-2, AS AMENDED BY P.L.291-2001, SECTION 125, IS AMENDED TO READ AS FOLLOWS

C o p y

[EFFECTIVE JULY 1, 2002]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

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

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

(2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is attributable to the homestead during the particular calendar year.

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

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

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2003	10%
2004 and thereafter	~~4%~~ **20%**

However, the property tax replacement fund board established under IC 6-1.1-21-10, in its sole discretion, may increase the percentage of the credit provided in the schedule for any year, if the board feels that the property tax replacement fund contains enough money for the resulting increased distribution. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the credit for the immediately following year is the percentage provided in the schedule for that particular year, unless as provided in this subsection the board in its discretion increases the percentage of the credit provided in the schedule for that particular year. However, the percentage credit allowed in a particular county for a particular year shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased

C o p y

the homestead credit. The amount of the increase equals the amount designated in the ordinance.

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

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

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

(1) an individual uses the residence as the individual's principal place of residence;

(2) the residence is located in Indiana;

(3) the individual has a beneficial interest in the taxpayer;

(4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and

(5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

SECTION 52. IC 6-1.1-20.9-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 2.5. (a) Notwithstanding section 2 of this chapter, an individual's homestead credit computed under section 2 of this chapter for property taxes first due and payable in 2004, 2005, and 2006 is increased by the amount determined under STEP FIVE of the following formula:**

STEP ONE: Determine the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, that is attributable to the individual's homestead in the current year.

STEP TWO: Subtract from the STEP ONE amount that part, if any, of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, that is attributable to the individual's homestead in the current year as a result of improvements or additions to the individual's homestead after the 2002 assessment date.

STEP THREE: Determine the amount of property tax liability, as that term is defined in IC 6-1.1-21-5, that was attributable to the property described in STEP ONE during 2003.

STEP FOUR: Subtract the STEP THREE amount from the

C o p y

STEP TWO remainder.

STEP FIVE: If the STEP FOUR remainder is greater than zero (0), the amount of the increase is equal to:

(A) twenty-five percent (25%) of the STEP FOUR remainder in 2004;

(B) eighteen percent (18%) of the STEP FOUR remainder in 2005; and

(C) nine percent (9%) of the STEP FOUR remainder in 2006.

If the STEP FOUR remainder is less than zero (0), the amount of the increase is equal to zero (0).

(b) The department of local government finance may adopt rules under IC 4-22-2 to implement this section.

(c) This section expires January 1, 2006.

SECTION 53. IC 6-1.1-20.9-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 7. Not later than September 15, 2002, each county auditor shall mail or otherwise distribute a written notice to each individual who is eligible for a homestead credit. The notice shall be distributed to the address of the individual provided in the credit statement filed under section 3 of this chapter or, if the address is incomplete on the credit statement, the tax duplicate or special assessment records. The notice must describe the homestead credit provided to individual under this chapter in substantially the following form:**

"Your assessing officials are doing a general reassessment of all real property in the county. The reassessment is necessary to comply with Indiana law. The Indiana General Assembly has enacted changes to the homestead credit to substantially reduce the effects that this reassessment may have on your home. In the first year that the reassessment applies, your assessment will be reduced by the basic homestead credit and a supplemental circuit breaker. The basic homestead credit will reduce your total assessment by 15%. The supplemental circuit breaker will reduce any increase in your assessment by 25%. Local services will not be affected by this credit. Local government units will receive a distribution of state tax revenues to replace the amount of this credit.".

SECTION 54. IC 6-1.1-21-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) On or before March 1 of each year, the state board of tax commissioners shall certify to the department on a form approved by the state board of

C o p y

accounts, an estimate of the total county tax levy collectible in that calendar year for each county in the state. The estimate shall be based on the tax collections for the preceding calendar year, adjusted as necessary to reflect the total county tax levy (as defined in section 2(g) of this chapter) from the budgets, tax levies, and rates as finally determined and acted upon by the state board of tax commissioners. The department, with the assistance of the auditor of state, shall determine on the basis of the report an amount equal to ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of the total county tax levy, which is the estimated property tax replacement.

(b) In the same report containing the estimate of a county's total county tax levy, the state board of tax commissioners shall also certify the amount of homestead credits provided under IC 6-1.1-20.9 which are allowed by the county for the particular calendar year.

(c) If there are one (1) or more taxing districts in the county that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter, the state board of tax commissioners shall estimate an additional distribution for the county in the same report required under subsection (a). This additional distribution equals the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the estimated property tax replacement determined under subsection (a) that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(d) The sum of the amounts determined under subsections (a) through (c) is the particular county's estimated distribution for the calendar year.

SECTION 55. IC 6-1.1-21-4, AS AMENDED BY P.L.198-2001, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

C o p y

(1) ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of each county's total county tax levy payable that year; ~~plus~~

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of

C o p y

the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), the department shall not distribute under subsection (b) and section 10 of this chapter the money attributable to the county's property reassessment fund if, by the date the distribution is scheduled to be made, the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance.

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the state board or the department shall not distribute under subsection (b) and section 10 of this chapter a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by August 1 as described in this section bears to the total number of townships in the county.

(g) Money not distributed under subsection (e) shall be distributed to the county when the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1 with respect to which the failure to send resulted in the

C o p y

withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of a county auditor to send a certified statement as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 56. IC 6-1.1-21-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. (a) Each year the taxpayers of each county shall receive a credit for property tax replacement in the amount of ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of the tax liability (as defined in this section) of each taxpayer for taxes which under IC 6-1.1-22-9 are due and payable in May and November of that year. The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the state board of tax commissioners. The tax liability of a taxpayer for the purpose of computing the credit for a particular year shall be based upon the taxpayer's tax liability as is evidenced by the tax duplicate for the taxes payable in that year, plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). However, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), (2)(g)(1)(H), 2(g)(1)(I), ~~or~~ 2(g)(1)(J), **or**

C o p y

2(g)(1)(K) of this chapter in computing the total county tax levy.

(b) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of the taxes payable with respect to the assessments plus the adjustments stated in this section.

(c) Each taxpayer in a taxing district that contains all or part of an economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

(1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by

(2) the taxpayer's property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

SECTION 57. IC 6-1.1-21.2 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 21.2. Tax Increment Replacement

Sec. 1. This chapter applies to an allocation area in which:

(1) the holders of obligations received a pledge before January 1, 2002, of tax increment revenues to pay any part of the obligations due after December 31, 2002; and

(2) a change in the determination of the assessed value of tangible personal property resulting from a change in the rules governing the assessment of tangible personal property in effect on January 1, 2001 (50 IAC 5.1; 50 IAC 4.2) causes the governing body to be unable to pay the obligations described in subdivision (1).

Sec. 2. For purposes of this section, "additional credit" means:

(1) for allocation areas created under IC 6-1.1-39, the additional credit described in IC 6-1.1-39-6(a);

(2) for allocation areas created under IC 8-22-3.5, the additional credit described in IC 8-22-3.5-10(a);

(3) for allocation areas created under IC 36-7-14, the additional credit described in IC 36-7-14-39.5(c);

(4) for allocation areas created under IC 36-7-14.5, the additional credit described in IC 36-7-14.5-12.5(d)(5);

(5) for allocation areas created under IC 36-7-15.1:

(A) the additional credit described in IC 36-7-15.1-26.5(e); or

(B) the credit described in IC 36-7-15.1-35(d); or

(6) for allocation areas created under IC 36-7-30, the additional credit described in IC 36-7-30-25(b)(2)(E).

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Sec. 3. As used in this chapter, "allocation area" refers to an area that is established under the authority of any of the following statutes and in which tax increment revenues are collected:

(1) IC 6-1.1-39.
(2) IC 8-22-3.5.
(3) IC 36-7-14.
(4) IC 36-7-14.5.
(5) IC 36-7-15.1.
(6) IC 36-7-30.

Sec. 4. As used in this chapter, "base assessed value" means the base assessed value as the term is defined in:

(1) IC 6-1.1-39-5(h);
(2) IC 8-22-3.5-9(a);
(3) IC 36-7-14-39(a);
(4) IC 36-7-14-39.3(c);
(5) IC 36-7-15.1-26(a);
(6) IC 36-7-15.1-26.2(c);
(7) IC 36-7-15.1-35(a);
(8) IC 36-7-15.1-53;
(9) IC 36-7-15.1-55(c);
(10) IC 36-7-30-25(a)(2); or
(11) IC 36-7-30-26(c).

Sec. 5. As used in this chapter, "department" refers to the department of local government finance.

Sec. 6. As used in this chapter, "governing body" means the following:

(1) For an allocation area created under IC 6-1.1-39, the fiscal body of the county (as defined in IC 36-1-2-6).
(2) For an allocation area created under IC 8-22-3.5, the commission (as defined in IC 8-22-3.5-2).
(3) For an allocation area created under IC 36-7-14, the redevelopment commission of the unit.
(4) For an allocation area created under IC 36-7-14.5, the authority created by the unit.
(5) For an allocation area created under IC 36-7-15.1, the metropolitan development commission of the consolidated city.
(6) For an allocation area created under IC 36-7-30, the military base reuse authority.

Sec. 7. As used in this chapter, "obligation" means an obligation to pay:

(1) the principal and interest on loans or bonds;

C o p y

(2) lease rentals on leases; or

(3) any other contractual obligation;

payable from tax increment revenues. The term includes a guarantee of payment from tax increment revenues if other revenues are insufficient to make a payment.

Sec. 8. As used in this chapter, "property taxes" means:

(1) property taxes, as defined in:

(A) IC 6-1.1-39-5(g);

(B) IC 36-7-14-39(a);

(C) IC 36-7-14-39.3(c);

(D) IC 36-7-15.1-26(a);

(E) IC 36-7-15.1-26.2(c);

(F) IC 36-7-15.1-53(a);

(G) IC 36-7-15.1-55(c);

(H) IC 36-7-30-25(a)(3); or

(I) IC 36-7-30-26(c); or

(2) for allocation areas created under IC 8-22-3.5, the taxes assessed on taxable tangible property in the allocation area.

Sec. 9. (a) The governing body may impose a special tax in a year to pay amounts due on obligations of the governing body in the immediately succeeding year. The governing body may levy the special tax on all property in the taxing district or taxing districts in which the allocation area is located. The special tax shall be certified before September 2 of each year to the fiscal officer of the taxing unit that designated the allocation area. The special tax shall be estimated and entered upon the tax duplicates by the county auditor and shall be collected and enforced by the county treasurer in the same manner as state and county taxes are estimated, entered, collected, and enforced.

(b) As the special tax is collected by the county treasurer, it shall be transferred to the governing body that imposed the special tax and accumulated and kept in the special fund for the allocation area and applied only for the purposes of this chapter.

(c) The governing body shall determine the special tax levy for a year in the amount of the lesser of:

(1) the total payments due on the obligations of the governing body in the year minus the amounts the governing body estimates will be legally available to the governing body in the year to make the payments; and

(2) except as provided in subsection (d), the amount that will result from the imposition of a rate for the special tax levy that the county auditor estimates will cause the total tax rate

C o p y

in the taxing district in which the allocation area is located to be one hundred ten percent (110%) of the rate that would apply if the rate for the special tax levy were not imposed for the year.

(d) If the allocation area is located in more than one (1) taxing district, the special tax levy amount determined under subsection (c)(2) shall be based on the taxing district that will, without consideration of the rate for the special tax levy, have the highest tax rate in the year in which the special tax levy is payable.

(e) In estimating the amount legally available under subsection (c)(1), the governing body shall not consider the remedies referred to in section 10(b)(6) of this chapter.

Sec. 10. (a) Before October 2 in a year, a governing body that has:

(1) imposed a special tax levy under section 9 of this chapter payable in the immediately succeeding year to raise revenue to pay amounts due on obligations of the governing body in the immediately succeeding year; and

(2) investigated its ability to employ all remedies available under the agreements establishing obligations of the governing body to provide sufficient funds to pay amounts due on the obligations in the immediately succeeding year, including guarantees by a unit to apply revenues received under IC 6-3.5 or other sources toward the payment of the obligations;

may appeal to the department for emergency relief under this chapter to provide sufficient additional funds to pay amounts due on the obligations in the immediately succeeding year.

(b) In the petition under this section, the governing body must state sufficient facts to demonstrate the following:

(1) The petitioner is a governing body.

(2) The petitioner established an allocation area before January 1, 2002.

(3) The holders of obligations payable from tax increment revenues from the allocation area received a pledge before January 1, 2002, of tax increment revenues to pay any part of the obligations due after December 31, 2002.

(4) A change in the determination of the assessed value of tangible personal property resulting from a change in the rules governing the assessment of tangible personal property in effect on January 1, 2001 (50 IAC 5.1; 50 IAC 4.2) causes the governing body to be unable to pay amounts due on the

C o p y

obligations of the governing body in the immediately succeeding year.

(5) The governing body has imposed a special tax under section 9 of this chapter to pay amounts due on obligations of the governing body in the immediately succeeding year.

(6) The governing body has investigated its ability to employ all remedies available under the agreements establishing the obligations of the governing body to provide sufficient funds to pay amounts due on the obligations in the immediately succeeding year, including guarantees by a unit to apply revenues received under IC 6-3.5 or other sources toward the payment of the obligations.

(7) The governing body has investigated the availability of all funds legally available to the governing body for the payment of amounts due on the obligations of the governing body in the immediately succeeding year, including funds derived from the denial of all or a part of an additional credit to taxpayers in the allocation area.

(8) The governing body has reasonably determined that refinancing one (1) or more of the obligations of the governing body is not an economically feasible means of providing sufficient funds to pay amounts due on the obligations in the immediately succeeding year.

(9) The governing body has made reasonable efforts to limit its use of the special fund for the allocation area to appropriations for payments of amounts due on obligations of the governing body.

(10) The balance in the special fund for the allocation area in the immediately succeeding year will be insufficient to pay amounts due on the obligations of the governing body in that year.

(11) A property tax payer located in any part in the allocation area was not the original purchaser and does not own any of the obligations of the governing body or rights to payment of any of the obligations.

(12) The governing body is unable to provide sufficient funds to pay amounts due on the obligations of the governing body in the immediately succeeding year.

(13) A copy of the petition has been served on the executive of each taxing unit in which any part of the allocation area is located.

(14) The governing body at the time of issuance of the

C o p y

obligations:

(A) reasonably estimated that the revenue legally available to pay the obligations would be adequate to pay the obligations over the term of the obligations; and

(B) pledged as additional security for the payment of the obligations a reasonable amount of coverage of revenue legally available in excess of the amount necessary to pay the obligations.

(15) The number of subsequent years the governing body estimates it will appeal under this section.

Sec. 11. The department shall conduct a hearing on the petition in the county where the allocation area is located. At the hearing, the petitioner and any other person may submit any information relevant to the determination of the issues raised in the petition.

Sec. 12. (a) If, after the hearing and upon consideration of all of the factors referred to in section 10(b) of this chapter, the department determines that the requirements of this chapter have been met, the department may order any of the emergency relief described in section 13 of this chapter for the immediately succeeding year.

(b) The amount of emergency relief ordered under this section may not exceed:

(1) the amount the governing body is obligated to pay on obligations in the immediately succeeding year; minus

(2) the amount of the special tax levy under section 9 of this chapter payable in the immediately succeeding year.

Sec. 13. The department may grant any of the following relief:

(1) Adjust the base assessed value in the allocation area.

(2) Reallocate amounts set aside for property tax credits described in IC 6-1.1-21.1-1 for property located in the allocation area to be used to pay obligations of the governing body.

(3) Order distributions from the tax relief fund established under IC 4-10-20-9.

SECTION 58. IC 6-1.1-21.5-5, AS AMENDED BY P.L.291-2001, SECTION 209, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on the loan, and the loan must be repaid not later than ten (10) years after the date on which the loan was made.

(b) The loan shall be repaid ~~only~~ from:

(1) property tax revenues of the qualified taxing unit that are

C o p y

subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19; **or**

(2) state tuition support distributions.

The payment of any installment of principal constitutes a first charge against such property tax revenues as collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay the loan is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent the qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

SECTION 59. IC 6-1.1-21.8 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21.8. Rainy Day Fund Loans to Qualified Taxing Units

Sec. 1. As used in this chapter, "board" refers to the state board of finance.

Sec. 2. As used in this chapter, "qualified taxing unit" means a taxing unit located in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000).

Sec. 3. Before January 1, 2003, a qualified taxing unit may apply to the board for a loan from the counter-cyclical revenue and economic stabilization fund. The board may make a loan from the fund to the qualified taxing unit if:

(1) a taxpayer having tangible property subject to taxation by the qualified taxing unit has filed a petition to reorganize under the federal bankruptcy code;

(2) the taxpayer has defaulted on one (1) or more of its property tax payments;

(3) the qualified taxing unit has experienced and will continue to experience a significant revenue shortfall as a result of the default; and

(4) the taxpayer is a steel manufacturer.

Sec. 4. The maximum amount that the board may loan to a qualified taxing unit under this chapter is:

(1) the amount of the taxpayer's property taxes first due and

C o p y

payable in November 2001 and 2002 that are attributable to the qualified taxing unit, as determined by the department of local government finance; plus

(2) an amount necessary to repay the interest on a loan received by the qualified unit from the department of commerce after the taxpayer described in section 3 of this chapter defaulted on the taxpayer's property tax payments.

Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, the interest charged on the loan may not exceed the percent of increase in the United States Department of Labor Consumer Price Index during the twelve (12) months preceding the date that the unit applies for a loan under this chapter. The loan must be repaid not later than five (5) years after the date on which the loan was made. The total amount of all the loans made under this chapter may not exceed twenty-eight million dollars ($28,000,000). The amounts loaned under this chapter are in addition to any loans received from the department of commerce by the qualified units after the taxpayer described in section 3 of this chapter defaulted on the taxpayer's property tax payments.

(b) A loan made under this chapter shall be repaid only from property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19. The payment of any installment of principal constitutes a first charge against the property tax revenues collected by the qualified taxing unit during the calendar year in which the installment is due and payable.

(c) The obligation to repay a loan made under this chapter is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent a qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

Sec. 6. (a) As used in this section, "delinquent tax" means any tax:

(1) owed by a taxpayer in a bankruptcy proceeding initially filed in 2001; and

(2) not paid during the calendar year for which it was first

C o p y

due and payable.

(b) Except as provided in subsection (d), the receipt by a qualified taxing unit of the proceeds of a loan made under this chapter is not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. The receipt by a qualified taxing unit of any payment of delinquent tax owed by a taxpayer in bankruptcy is considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7.

(c) The proceeds of a loan made under this chapter and any payment of delinquent tax may be expended by a qualified taxing unit only to pay debts of the qualified taxing unit that have been incurred under duly adopted appropriations approved by the department of local government finance for operating expenses.

(d) If the sum of the receipts of a qualified taxing unit that are attributable to:

(1) the proceeds of a loan made under this chapter; and

(2) the payment of property taxes owed by a taxpayer in a bankruptcy proceeding and payable in November 2001, May 2002, or November 2002;

exceeds the sum of the taxpayer's property tax liability attributable to the qualified taxing unit for property taxes payable in November 2001, May 2002, and November 2002, the excess as received during any calendar year or years shall be set aside and treated for the calendar year when received as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. In calculating the payment of property taxes referred to in subdivision (2), the amount of property tax credit finally allowed under IC 6-1.1-21-5 concerning the taxes is considered to be a payment of the property taxes.

SECTION 60. IC 6-1.1-26-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 7. The county auditor shall report to the department of state revenue any refund to a taxpayer made under this chapter resulting from a reduction of the amount of an assessment of business personal property (as defined in IC 6-3.1-24-2).**

SECTION 61. IC 6-1.1-31-11.5, AS ADDED BY P.L.198-2001, SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

C o p y

JULY 1, 2002]: Sec. 11.5. (a) Subject to subsection ~~(b),~~ **(c),** the department of local government finance shall adopt rules under IC 4-22-2 to govern the practice of representatives in proceedings before the property tax assessment board of appeals and the department of local government finance.

(b) **The department of local government finance shall adopt rules under subsection (a) to establish a program for the licensure of tax representatives (as defined in 50 IAC 15-5-1). The rules adopted under this subsection must require:**

(1) an applicant for a license or a license holder to pay an annual licensure fee of fifty dollars ($50); and

(2) the department of local government finance to transfer all licensure fees collected to the state treasurer for deposit in the state general fund.

(c) Except as provided in subsection ~~(c),~~ **(d),** a rule adopted under subsection (a) may not:

(1) restrict the ability of a representative to practice before the property tax assessment board of appeals or the department of local government finance based on the fact that the representative is not an attorney admitted to the Indiana bar; or

(2) restrict the admissibility of written or oral testimony of a representative or other witness based upon the manner in which the representative or other witness is compensated.

~~(c)~~ **(d)** A rule adopted under subsection (a) may require a representative in a proceeding before the property tax assessment board of appeals or the department of local government finance to be an attorney admitted to the Indiana bar if the matter under consideration in the proceeding is:

(1) an exemption for which an application is required under IC 6-1.1-11;

(2) a claim that taxes are illegal as a matter of law;

(3) a claim regarding the constitutionality of an assessment; or

(4) any other matter that requires representation that involves the practice of law.

~~(d)~~ **(e)** This subsection applies to a petition that is filed with the property tax assessment board of appeals or a matter under consideration by the department of local government finance before the adoption of a rule under subsection (a) that establishes new standards for:

(1) the presentation of evidence or testimony; or

(2) the practice of representatives.

The property tax assessment board of appeals or the department of

C o p y

local government finance may not dismiss a petition or reject consideration of a matter solely for failure to comply with the rule adopted under subsection (a) without providing the petitioner with an opportunity to present evidence, testimony, or representation in compliance with the rule.

SECTION 62. IC 6-1.1-35.2-3, AS AMENDED BY P.L.198-2001, SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) Each year the department of local government finance shall conduct the continuing education sessions required in the rules adopted by the department for all assessing officials, county assessors, and all members of, and hearing officers for, the county property tax assessment board of appeals. These sessions must be conducted at the locations described in subsection (b).

(b) To ensure that all assessing officials, assessors, and members of county property tax assessment boards of appeals have an opportunity to attend the continuing education sessions required by this section, the department of local government finance shall conduct the continuing education sessions at a minimum of four (4) separate regional locations. The department shall determine the locations of the continuing education sessions, but:

(1) at least one (1) continuing education session must be held in the northeastern part of Indiana;

(2) at least one (1) continuing education session must be held in the northwestern part of Indiana;

(3) at least one (1) continuing education session must be held in the southeastern part of Indiana; and

(4) at least one (1) continuing education session must be held in the southwestern part of Indiana.

The four (4) regional continuing education sessions may not be held in Indianapolis. However, the department of local government finance may, after the conclusion of the four (4) continuing education sessions, provide additional continuing education sessions at locations determined by the department.

(c) **This subsection does not apply to assessing officials and their employees, county assessors and their employees, members and employees of, and hearing officers for, the county property tax assessment board of appeals, or employees of the department of local government finance. The department of local government finance shall collect a fee of:**

(1) one hundred dollars ($100) from an individual who attends a full day continuing education session that provides more than three and one-half (3 1/2) hours of continuing education

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credit; or

(2) fifty dollars ($50) from an individual who attends a half day continuing education session that provides three and one-half (3 1/2) or fewer hours of continuing education credit.

All fees collected by the department of local government finance under this subsection shall be deposited in the assessing official training account established under IC 6-1.1-35.5-7.

(d) Any assessing official, county assessor, or member of, and hearing officers for, the county property tax assessment board of appeals who attends required sessions is entitled to receive a mileage allowance and the per diem per session set by the department of local government finance by rule adopted under IC 4-22-2 from the county in which the official resides. A person is entitled to a mileage allowance under this section only for travel between the person's place of work and the training session nearest to the person's place of work.

SECTION 63. IC 6-1.1-39-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) An economic development district may be enlarged by the fiscal body by following the same procedure for the creation of an economic development district specified in this chapter. Property taxes that are attributable to the additional area and allocable to the economic development district are not eligible for the property tax replacement credit provided by IC 6-1.1-21-5. However, subject to subsection (c), each taxpayer in an additional area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district in a county that contains all or part of the additional area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of the 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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to a special

C o p y

fund under section 5 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the economic development district and paid into a special fund under section 5(a) of this chapter.

(b) If the additional credit under subsection (a) is not reduced under subsection (c) or (d), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (a) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an additional area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (a) shall be combined on the tax statements sent to each taxpayer.

(c) The county fiscal body may, by ordinance, provide that the additional credit described in subsection (a):

(1) does not apply in a specified additional area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified additional area.

(d) Whenever the county fiscal body determines that granting the full additional credit under subsection (a) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the county fiscal body must adopt an ordinance under subsection (c) to deny the additional credit or reduce the additional credit to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. An ordinance adopted under subsection (c) denies or reduces the additional credit for property taxes first due and payable in any year following the year in which the ordinance is adopted.

(e) An ordinance adopted under subsection (c) remains in effect until the ordinance is rescinded by the body that originally adopted the ordinance. However, an ordinance may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If an ordinance is rescinded and no other ordinance is adopted, the additional credit described in subsection (a) applies to property taxes first due and payable in each year following the year in which the resolution is rescinded.

SECTION 64. IC 6-1.1-44 IS ADDED TO THE INDIANA CODE

C o p y

AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 44. Miscellaneous Tax Allocation

Sec. 1. As used in this chapter, "miscellaneous tax" means the following:

(1) Financial institutions tax (IC 6-5.5-8-2).
(2) Motor vehicle excise tax (IC 6-6-5-10).
(3) Commercial vehicle excise tax (IC 6-6-5.5-20).
(4) Aircraft excise tax (IC 6-6-6.5-21).
(5) Auto rental excise tax (IC 6-6-9-11).
(6) Boat excise tax (IC 6-6-11-31).

Sec. 2. The department of local government finance shall compute:

(1) a total levy miscellaneous tax allocation for each county and the state; and
(2) the welfare revenues, the human services fund revenues, and education revenues for each county.

Sec. 3. The total levy miscellaneous tax allocation is equal to the sum of the following components:

(1) A welfare allocation.
(2) A human services fund allocation
(3) An education allocation.

Sec. 4. As used in any statute concerning miscellaneous taxes, "welfare revenues" equals the sum of the amounts determined under STEP ONE (A) of section 7 of this chapter for calendar years 1997, 1998, and 1999 divided by three (3).

Sec. 5. As used in any statute concerning miscellaneous taxes, "human services fund revenues" equals the sum of the amounts determined under STEP ONE (A) of section 8 of this chapter for calendar years 2001, 2002, and 2003 divided by three (3).

Sec. 6. As used in any statute concerning miscellaneous taxes "education revenues" equals the sum of the amounts determined under STEP ONE (A) of section 9 of this chapter for calendar years 2001, 2002, and 2003 divided by three (3).

Sec. 7. For each miscellaneous tax, the welfare allocation for a county is equal to the result determined under STEP SIX of the following formula:

STEP ONE: Using data about appropriations for calendar years 1997, 1998, and 1999, determine the result of:

(A) the amounts appropriated by the county in the year for the county's county welfare fund and county administration fund; divided by

C o p y

(B) the amounts appropriated by all the taxing units in the county for the year.

STEP TWO: Determine the sum of the results determined under STEP ONE.

STEP THREE: Divide the STEP TWO result by three (3).

STEP FOUR: Determine the amount of the miscellaneous tax that would otherwise be distributed to all taxing units in the county under the law establishing the miscellaneous tax without regard to this section.

STEP FIVE: Determine the result of:

(A) the STEP FOUR amount; multiplied by

(B) the STEP THREE result.

STEP SIX: Determine the greater of:

(A) zero (0); or

(B) the STEP FIVE amount.

Sec. 8. For each miscellaneous tax, the human services allocation for a county is equal to the result determined under STEP SIX of the following formula:

STEP ONE: Using data about ad valorem property tax levies for calendar years 2001, 2002, and 2003, determine the result:

(A) of:

(i) fifty percent (50%) the amount levied by the county for ad valorem property taxes in the year for the county's family and children's fund (IC 12-19-7-3) and the amount of any loans or bonds issued to pay obligations of the fund in the year;

(ii) the amount levied by the county for ad valorem property taxes in the year for the county contributions to the medical assistance to wards program under IC 12-13-8 (repealed);

(iii) the amount levied by the county for ad valorem property taxes in the year for the county contribution to the children with special health care needs program under IC 16-35-3 (repealed); and

(iv) ninety percent (90%) of the amount levied by the county for ad valorem property taxes in the year for the county contribution to the hospital care for the indigent program under IC 12-16-14 (repealed); divided by

(B) the amounts levied by all the taxing units in the county for ad valorem property taxes for the year plus the amount of any loans or bonds issued to pay obligations of the family and children's fund in the year.

C o p y

STEP TWO: Determine the sum of the results determined under STEP ONE.
STEP THREE: Divide the STEP TWO result by three (3).
STEP FOUR: Determine the amount of the miscellaneous tax that would otherwise be distributed to all taxing units in the county under the law establishing the miscellaneous tax without regard to this section.
STEP FIVE: Determine the result of:
(A) the STEP FOUR amount; multiplied by
(B) the STEP THREE result.
STEP SIX: Determine the greater of:
(A) zero (0); or
(B) the STEP FIVE amount.

Sec. 9. For each miscellaneous tax, the education allocation for a county is equal to the result determined under STEP SIX of the following formula:

STEP ONE: Using data about ad valorem property tax levies for calendar years 2001, 2002, and 2003, determine the result of:
(A) fifty percent (50%) of the part of the tuition support levy (as defined in IC 21-3-1.7-5) levied in the county for each school corporation that is at least partially located in the county; divided by
(B) the amounts levied for ad valorem property taxes by all the taxing units in the county for the year.
STEP TWO: Determine the sum of the results determined under STEP ONE.
STEP THREE: Divide the STEP TWO result by three (3).
STEP FOUR: Determine the amount of the miscellaneous tax that would otherwise be distributed to all taxing units in the county under the law establishing the miscellaneous tax without regard to this section.
STEP FIVE: Determine the result of:
(A) the STEP FOUR amount; multiplied by
(B) the STEP THREE result.
STEP SIX: Determine the greater of:
(A) zero (0); or
(B) the STEP FIVE amount.

Sec. 10. The total levy miscellaneous tax allocation, the welfare revenue determinations, the human service fund revenue determinations, and the education revenue determinations shall be used, as provided in each law establishing a miscellaneous tax, to

C o p y

determine the amount of tax proceeds to be distributed to the state and to each county.

Sec. 11. The department of local government finance shall annually certify the amount of:

(1) each county's total levy miscellaneous tax allocation; and

(2) the amount of each component of each county's total levy miscellaneous tax allocation to the county auditor.

SECTION 65. IC 6-2.1-1-0.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 0.7. This article applies only to a taxpayer that is a public utility company.**

SECTION 66. IC 6-2.1-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Except as expressly provided in this article, "gross income" means all the gross receipts a taxpayer receives:

(1) from trades, businesses, or commerce;

(2) as admission fees or charges;

(3) from the sale, transfer, or exchange of property, real or personal, tangible or intangible;

(4) from the performance of contracts;

(5) as prizes or premiums;

(6) from insurance policies;

(7) as damages or judgments;

(8) from the investment of capital, including interest, discounts, rentals, royalties, dividends, fees, and commissions;

(9) from the surrender, sale, transfer, exchange, redemption of, or distribution upon, stock of corporations or associations; and

(10) from any other source not specifically described in this subsection.

(b) Except as provided in IC 6-2.1-4, no deductions from a taxpayer's gross income may be taken for return of capital invested, cost of property sold, cost of materials used, labor costs, interest, discounts, commissions paid or credited, losses, or any other expense paid or credited.

(c) The term "gross income" does not include:

(1) the receipt or repayment of borrowed money;

(2) receipts from the issuance or redemption of bonds;

(3) amounts received as payment of the principal amount of a note taken in lieu of cash if:

(A) the face value of the note was included in the taxpayer's gross income at the time of acceptance;

(B) the note was taken before May 1, 1933; or

C o p y

(C) the note is a renewal of a note that was taken before May 1, 1933;

(4) amounts received in payment of, or from the sale of, a promissory note or retail installment contract described in subsection (f) of this section to the extent the gross income tax has previously been paid for the receipt of the promissory note or retail installment contract;

(5) amounts received as withdrawal of deposits to the extent they constitute principal;

(6) gross receipts received by corporations incorporated under the laws of Indiana from a trade or business situated and regularly carried on at a legal situs outside Indiana or from activities incident to such trade or business (including the disposal of capital assets or other properties which were acquired and used in such trade or business);

~~(7) that part of a commission received by a real estate broker that is paid within five (5) days of the receipt of the commission to a cooperating broker or to an associated broker or salesman;~~

~~(8)~~ **(7)** amounts received by a corporation or a division of a corporation owned, operated, or controlled by its member electric cooperatives as payment from the electric cooperatives for electrical energy to be resold to their member-owner consumers;

~~(9) amounts received by an association of members or a corporation as:~~

~~(A) regularly paid dues, initiation fees, or membership fees paid for social membership; and~~

~~(B) amounts paid to the organization by members if:~~

~~(i) the organization is organized not for profit;~~

~~(ii) such amounts are payable upon the death of a member and do not exceed one dollar ($1) payable by each surviving member at the death of any one (1) member;~~

~~(iii) the number of members who are permitted to make such payments does not exceed one thousand seven hundred (1,700) at any one (1) time;~~

~~(iv) the total amount paid to the beneficiary of any one (1) deceased member does not exceed one thousand dollars ($1,000); and~~

~~(v) the amounts received are only for the purpose of paying reasonable expenses of the organization and payments to beneficiaries of deceased members;~~

~~(10)~~ **(8)** amounts received as the corpus of an outright gift, devise, or bequest;

C o p y

~~(11)~~ **(9)** cash discounts allowed and taken on sales;
~~(12)~~ **(10)** goods, wares, or merchandise, or the value thereof, returned by customers if the sale price is refunded either in cash or by credit;
~~(13)~~ **(11)** judgments for income that are not taxable under this article;
~~(14)~~ **(12)** the receipt of capital by a corporation, partnership, firm, or joint venture from the sale of stock or shares in such corporation, partnership, firm, or joint venture, or contributions to the capital thereof;
~~(15)~~ **(13)** the gross receipts represented by the value of real or tangible personal property received in reciprocal exchange for real or tangible personal property of like kind by and between the owners of the property to the extent of the value of the property or the interest therein of which title is surrendered;
~~(16)~~ **(14)** the gross receipts represented by the value of stock of a corporation or association received in a reciprocal exchange by and between the owners of the stock (including the issuing corporation or association) for stock in the same corporation or association to the extent of the value of the stock or the interest therein of which title is surrendered;
~~(17)~~ **(15)** the gross receipts represented by the value of bonds or similar securities issued by a corporation or association received in a reciprocal exchange by and between the owners of the bonds or securities (including the issuing corporation or association) for bonds or similar securities issued by the same corporation or association to the extent of the value of such bonds or similar securities or the interest therein of which title is surrendered;
~~(18)~~ **(16)** the gross receipts represented by the value of stocks, bonds, or other securities received in a reciprocal exchange by and between the owners of the stocks, bonds, or other securities for other stocks, bonds, or other securities to the extent title is surrendered, if the exchange is made in the course of a consolidation, merger, or other reorganization and the stock, bonds, or other securities received are issued by one (1) or more corporations or associations that are each a party to the reorganization;
~~(19)~~ **(17)** the gross receipts represented by the value of stocks, bonds, or other securities received in a reciprocal exchange by and between the owners thereof of substantially all of the assets of another corporation if the exchange is made in the course of a consolidation, merger, or other reorganization and the stocks,

C o p y

bonds, or other securities received are issued by one (1) or more corporations or associations that are each a party to the reorganization; **and**

~~(20) in the case of insurance carriers, amounts that become or are used to maintain a reserve or other policy liability, to the extent the reserve or other policy liability is required to be maintained by the state of Indiana;~~

~~(21) in the case of domestic insurance carriers, premium income that is derived from business conducted outside Indiana on which the domestic carrier pays a premium tax of one percent (1%) or more; and~~

~~(22)~~ **(18)** amounts received by a joint agency established under IC 8-1-2.2 that constitutes a payment by a municipality that is a member of the joint agency for electrical energy that will be sold by the municipality to retail customers.

(d) The exclusion provided by clause (6) of subsection (c) does not apply to any receipts of a taxpayer received as interest or dividends, from sales, other receipts from investments not acquired or disposed of in connection with the taxpayer's regular business, or to bonuses or commissions received by any taxpayer.

(e) The exclusion provided by subsection ~~(c) clause (14)~~ **(c)(12)** does not apply to proceeds that are derived from subsequent transactions in stock of such corporations or organizations or in the interest or shares of the members of any organization.

(f) The face amount of a retail installment contract or promissory note that is derived from the selling, providing, repairing, working with or on, or servicing of any personal property, or any combination of the foregoing, is includable in a taxpayer's gross income upon receipt. However, any part of a retail installment contract or promissory note that represents insurance premiums or consideration which the retail buyer contracts to pay the retail seller for the privilege of paying the principal balance in installments over a period of time is includable in a taxpayer's gross income when received.

(g) For purposes of this section:

(1) "Exchange" means the transfer of title or ownership by means of a transaction involving the barter or swap of property acquired prior to the exchange, by and between the owners of that property, with or without additional consideration. However, the term "exchange" does not include:

(A) any sale of property even though other property is purchased with the proceeds of the sale;

(B) any barter or swap of property where there are more than two

C o p y

(2) parties to the transaction; or

(C) any transaction where the property exchanged is acquired by one (1) party to the transaction as a result of negotiation or arrangement with the other party with the intent of effectuating an exchange of the property so acquired.

(2) "Like kind" means property of the same class and kind and has no reference to the grade or quality of such property.

SECTION 67. IC 6-2.1-1-9.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 9.5. "Public utility company" has the meaning set forth in IC 6-1.1-8-2.**

SECTION 68. IC 6-2.1-1-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. "Receipts", as applied to a taxpayer, means the gross income in cash, notes, credits, or other property that is received by the taxpayer or a third party, including any limited liability company that is not itself a taxpayer (as defined in ~~IC 6-2.1-1-16(27)),~~ **IC 6-2.1-1-16(22)),** for the taxpayer's benefit.

SECTION 69. IC 6-2.1-1-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 16. "Taxpayer" means any:

(1) assignee;
(2) receiver;
(3) commissioner;
(4) fiduciary;
(5) trustee;
(6) institution;
(7) national bank;
(8) bank;
(9) consignee;
(10) firm;
(11) partnership;
(12) joint venture;
(13) pool;
(14) syndicate;
(15) bureau;
(16) association;
(17) cooperative association;
~~(18) society;~~
~~(19) club;~~
~~(20) fraternity;~~
~~(21) sorority;~~

C o p y

~~(22) lodge;~~
~~(23)~~ **(18)** corporation;
~~(24)~~ **(19)** municipal corporation;
~~(25)~~ **(20)** political subdivision of the state of Indiana or the state of Indiana, to the extent engaged in private or proprietary activities or business;
~~(26)~~ **(21)** trust;
~~(27)~~ **(22)** limited liability company (other than a limited liability company that has a single member and is disregarded as an entity for federal income tax purposes); or
~~(28)~~ **(23)** other group or combination acting as a unit;
that is a public utility company.

SECTION 70. IC 6-2.1-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) An income tax, known as the gross income tax, is imposed upon the receipt of:

(1) the entire taxable gross income of a taxpayer who is a resident or a domiciliary of Indiana; and
(2) the taxable gross income derived from activities or businesses or any other sources within Indiana by a taxpayer who is not a resident or a domiciliary of Indiana.

(b) The receipt of taxable gross income is subject to the applicable rate of tax fixed under section 3 of this chapter. ~~The rate of tax is determined by the type of transaction from which the taxable gross income is received.~~

SECTION 71. IC 6-2.1-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. ~~(a) The receipt of gross income from transactions described in section 4 of this chapter is subject to a tax rate of three-tenths of one percent (0.3%).~~

~~(b)~~ The receipt of gross income from transactions described in section 5 of this chapter is subject to a tax rate of one and two-tenths percent (1.2%).

SECTION 72. IC 6-2.1-8-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) A county recorder may not record or accept for recording any deed or other instrument of conveyance which transfers any interest in real estate **of a public utility company,** unless:

(1) the county treasurer has stamped the deed or other instrument, as required by section 5 of this chapter; or
(2) an affidavit, signed by the seller or grantor, which certifies that no gross income tax is due on the transfer of the interest in the real estate, accompanies the deed or other instrument of conveyance.

C o p y

(b) When a county recorder accepts an affidavit described in subsection (a), he shall tax and collect the recording fee prescribed in IC 36-2-7-10.

(c) The failure of any deed or other instrument of conveyance to be:

(1) accompanied by an affidavit described in subsection (a); or

(2) stamped in compliance with section 5 of this chapter;

does not affect the validity of the notice given by the recording of such deed or instrument.

SECTION 73. IC 6-2.1-8-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. (a) **This section applies only to a proceeding involving a public utility company.**

(b) No court may allow or approve any final report or account of a receiver, trustee in dissolution, trustee in bankruptcy, commissioner appointed for the sale of real estate, or any other officer acting under the authority and supervision of a court, unless the account or final report shows, and the court finds, that all gross income tax due has been paid, and that all gross income tax which may become due is secured by bond, deposit, or otherwise.

~~(b)~~ **(c)** A fiduciary described in subsection **(b) in a proceeding described in subsection** (a) shall provide proof to a court that all gross income tax has been paid, and that any required security has been provided. The fiduciary shall request the department to issue a certificate of clearance certifying that all gross income tax which is due and payable has been paid and that any required security has been provided. The certificate shall be issued by the department within thirty (30) days after request. When issued, the certificate is conclusive proof that no gross income tax is due and that any required security has been provided.

~~(c)~~ **(d)** If the department fails to issue a certificate of clearance under subsection ~~(b)~~ **(c)** within thirty (30) days after request, a fiduciary may provide evidence to a court which demonstrates that no gross income tax is due and that any required security has been provided. Upon approval by the court, such evidence is conclusive proof of payment of the tax imposed by this article.

~~(d)~~ **(e)** Any gross income tax liability owed by a fiduciary is a preferred claim and has priority over all other claims except claims for judicial costs and costs of administration.

SECTION 74. IC 6-2.2 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

ARTICLE 2.2. BUSINESS ACTIVITY FEE

C o p y

Chapter 1. Application

Sec. 1. Except as provided in IC 6-2.2-3 (exempt entities), this article applies to all business entities doing business in Indiana in a taxable year.

Sec. 2. The entities to which this article applies include the following:

(1) Corporations.

(2) S corporations (as defined in Section 1361 of the Internal Revenue Code).

(3) Partnerships.

(4) Limited partnerships.

(5) Limited liability partnerships.

(6) Limited liability companies.

(7) Business trusts (as defined in IC 23-5-1-2).

Sec. 3. For purposes of this article, each business entity is treated as a separate entity regardless of the extent to which the business entity is owned or controlled by another business entity or whether the business entity is taxed for federal income tax purposes.

Sec. 4. A business entity shall not be treated as doing business in Indiana solely because it has an ownership interest in an entity described in section 2 of this chapter that is doing business in Indiana.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5.

Sec. 3. "Adjusted net worth" means the net worth of a business entity remaining after subtracting exemptions allowed under IC 6-2.2-5 and any deductions allowed under IC 6-2.2-6.

Sec. 4. "Business entity" means any legal entity, regardless of form or place of formation, that engages in doing business in Indiana in a taxable year.

Sec. 5. "Department" refers to the department of state revenue.

Sec. 6. "Doing business" means owning, renting, or operating business or income producing property or engaging in other business or income producing activity.

Sec. 7. "Exempt entity" refers to an entity described in IC 6-2.2-3.

Sec. 8. "Net worth" refers to the net worth of a business entity as determined under IC 6-2.2-5.

C o p y

Sec. 9. "Taxable adjusted gross income" refers to taxable adjusted gross income determined under IC 6-2.2-8.

Sec. 10. "Taxable net worth" means the adjusted net worth of a business entity that is attributed to Indiana under IC 6-2.2-7.

Sec. 11. "Taxable year" means the taxable year of a taxpayer determined under IC 6-2.2-4.

Sec. 12. "Taxpayer" means a business entity that is not an exempt entity.

Chapter 3. Exempt Entities

Sec. 1. Notwithstanding any other law, the only exemptions from this article are the exemptions provided by this chapter.

Sec. 2. An individual is exempt from this article.

Sec. 3. The estate of a deceased individual is exempt from this article.

Sec. 4. The following governmental or quasi-governmental entities are exempt from this article:

(1) The United States government.

(2) The state of Indiana, another state, or an Indian tribe (as defined in IC 34-6-2-66.7).

(3) A political subdivision.

(4) A body corporate and politic that is an instrumentality of a governmental entity described in subdivisions (1) through (3), including a state educational institution (as defined in IC 20-12-0.5-1).

(5) A business entity that is wholly owned by a governmental entity described in subdivisions (1) through (3), including a municipally owned utility (as defined in IC 8-1-2-1).

Sec. 5. An organization that is exempt for federal income tax purposes under Section 501(a) of the Internal Revenue Code is exempt from this article, regardless of whether the organization has unrelated business income that is taxable for federal income tax purposes.

Sec. 6. A company (as defined in IC 27-1-2-3) is exempt from this article.

Sec. 7. The following are exempt from this article:

(1) A holding company (as defined in IC 6-5.5-1-17).

(2) A regulated financial corporation (as defined in IC 6-5.5-1-17).

Sec. 8. A trust (as described in IC 30-4-1-1) other than a business trust (as defined in IC 23-5-1-2) is exempt from this article.

Sec. 9. The following political organizations are exempt from

C o p y

this article:

(1) A bona fide political party (as defined in IC 3-5-2-5.5).

(2) A candidate's committee (as defined in IC 3-5-2-7).

(3) A central committee (as defined in IC 3-5-2-8).

(4) A regular party committee (as defined in IC 3-5-2-42).

(5) A political action committee (as defined in IC 3-5-2-37).

(6) A legislative caucus committee (as defined in IC 3-5-2-27.3).

Sec. 10. A public utility company (as defined in IC 6-1.1-8-2) that is subject to the gross income tax under IC 6-2.1 is exempt from this article.

Chapter 4. Accounting Practices

Sec. 1. A taxpayer's taxable year under this article is the year that a taxpayer uses for its annual financial statements. If a taxpayer does not prepare annual financial statements, the taxpayer's taxable year under this article is a calendar year.

Sec. 2. Subject to this article, if a taxpayer prepares its annual financial statements using generally accepted accounting principles applicable to the United States, or another entity includes the financial results of the taxpayer in consolidated financial statements prepared in accordance with generally accepted accounting principles applicable to the United States, the taxpayer shall compute the taxpayer's taxable net worth and any credits allowed against the business franchise tax using generally accepted accounting principles applicable to the United States. If generally accepted accounting principles allow more than one (1) method of accounting for the net worth of a taxpayer, the taxpayer shall use for purposes of this article the same method of accounting that the taxpayer uses to prepare the taxpayer's annual financial statements.

Sec. 3. If section 2 of this chapter does not apply, the taxpayer shall compute the taxpayer's taxable net worth and any credits using:

(1) the same method of accounting that the taxpayer uses for filing a return for federal income tax purposes; or

(2) if the taxpayer does not file a return for federal income tax purposes, a method of accounting consistent with the requirements of Section 446 of the Internal Revenue Code.

Sec. 4. The taxable net worth of a taxpayer for a taxable year is the taxable net worth of the taxpayer on the last day immediately preceding the beginning of the taxpayer's taxable year.

Chapter 5. Net Worth

C o p y

Sec. 1. The net worth of a taxpayer is the greater of the following:

(1) The difference between the taxpayer's total assets and the taxpayer's total liabilities.

(2) Zero (0).

Sec. 2. Notwithstanding any other law, none of the net worth of a taxpayer is exempt from taxation under this article.

Chapter 6. Deductions

Sec. 1. Notwithstanding any other law, the only deductions allowable against the net worth of a taxpayer are the deductions allowed by this chapter.

Sec. 2. A taxpayer may deduct the book value of the taxpayer's ownership interest that the taxpayer has in another business entity from the net worth of the taxpayer if:

(1) the taxpayer's ownership interest constitutes at least twenty percent (20%) of the total ownership of the business entity; and

(2) the value of the taxpayer's ownership interest in the other business entity would otherwise be included in the net worth of the taxpayer.

A deduction shall be allowed under this section only to the extent that the deduction does not result in a business franchise tax for the taxpayer in a taxable year that is less than two thousand five hundred dollars ($2,500).

Chapter 7. Apportionment of Net Worth

Sec. 1. The taxable net worth of a taxpayer is equal to the adjusted net worth of the taxpayer multiplied by an apportionment factor.

Sec. 2. The apportionment factor for a taxpayer that is doing business only in Indiana is one (1).

Sec. 3. (a) The apportionment factor for a taxpayer that is doing business both in Indiana and outside Indiana is a fraction.

(b) Subject to this chapter, the numerator of the fraction is the sum of the property factor, payroll factor, and receipts factor determined under this chapter.

(c) Subject to this chapter, the denominator of the fraction is three (3). However, if the taxpayer lacks one (1) of the factors applicable to the numerator, the denominator is two (2), and if the taxpayer lacks more than one (1) of the factors applicable to the numerator, the denominator is one (1).

(d) Nonbusiness receipts or property may not be excluded from the numerator or denominator computed under this chapter.

C o p y

Sec. 4. (a) The property factor is a fraction.

(b) The numerator of the property factor fraction is the average value of the taxpayer's real and tangible personal property owned or rented and used in Indiana during the immediately preceding taxable year.

(c) The denominator of the property factor fraction is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the immediately preceding taxable year.

(d) Property owned by the taxpayer is valued at its original cost.

(e) Property rented by the taxpayer is valued at eight (8) times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.

(f) The average value of property shall be determined by averaging the values at the beginning and end of the taxpayer's immediately preceding taxable year, but the department may require the averaging of monthly values during the immediately preceding taxable year if reasonably required to reflect properly the average value of the taxpayer's property.

Sec. 5. (a) The payroll factor is a fraction.

(b) The numerator of the payroll fraction is the total amount paid in Indiana during the immediately preceding taxable year by the taxpayer for compensation.

(c) The denominator of the payroll fraction is the total compensation paid everywhere during the immediately preceding taxable year.

(d) Compensation is paid in Indiana if:

(1) the individual's service is performed entirely in Indiana;

(2) the individual's service is performed both in and outside Indiana but the service performed outside Indiana is incidental to the individual's service in Indiana; or

(3) some of the service is performed in Indiana and:

(A) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in Indiana; or

(B) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual is a resident of Indiana.

Sec. 6. (a) The receipts factor is a fraction.

(b) The numerator of the receipts factor fraction is the total

C o p y

receipts of the taxpayer in Indiana during the immediately preceding taxable year.

(c) The denominator of the receipts factor fraction is the total receipts of the taxpayer everywhere during the immediately preceding taxable year.

Sec. 7. (a) The receipts factor includes receipts from intangible property and receipts from the sale or exchange of intangible property.

(b) Receipts from intangible personal property are derived from sources in Indiana if the receipts from the intangible personal property are attributable to Indiana under section 8 of this chapter.

(c) Sales of tangible personal property are in Indiana if:

(1) the property is delivered or shipped to a purchaser, other than the United States government, in Indiana, regardless of the f.o.b. point or other conditions of the sale; or

(2) the property is shipped from an office, a store, a warehouse, a factory, or other place of storage in Indiana and:

(A) the purchaser is the United States government; or

(B) the taxpayer is not taxable, as determined under section 10 of this chapter, in the state of the purchaser.

(d) Gross receipts derived from commercial printing that results in printed materials, excluding the business of photocopying, shall be treated as receipts of tangible personal property for purposes of this chapter.

(e) Receipts other than receipts from intangible property covered by subsection (b) and receipts of tangible personal property are in Indiana if:

(1) the activity producing the receipts is performed in Indiana; or

(2) the activity producing the receipts is performed both in and outside Indiana and a greater proportion of the activity producing the receipts is performed in Indiana than in any other state, based on costs of performance.

Sec. 8. (a) Interest and other receipts from assets in the nature of loans or installment receipts contracts that are primarily secured by or deal with real or tangible personal property are attributable to Indiana if the security or sale property is located in Indiana.

(b) Interest and other receipts from consumer loans not secured by real or tangible personal property are attributable to Indiana

C o p y

if the loan is made to a resident of Indiana, whether at a place of business, by a traveling loan officer, by mail, by telephone, or by other electronic means.

(c) Interest and other receipts from commercial loans and installment obligations not secured by real or tangible personal property are attributable to Indiana if the proceeds of the loan are to be applied in Indiana. If it cannot be determined where the funds are to be applied, the receipts are attributable to the state in which the business applied for the loan. As used in this section, "applied for" means initial inquiry (including customer assistance in preparing the loan application) or submission of a completed loan application, whichever occurs first.

(d) Interest, merchant discount, and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees are attributable to the state to which the card charges and fees are regularly billed.

(e) Receipts from the performance of fiduciary and other services are attributable to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one (1) state, the receipts from those benefits are attributable to Indiana on a pro rata basis according to the part of the benefits consumed in Indiana.

(f) Receipts from the issuance of traveler's checks, money orders, or United States savings bonds are attributable to the state in which the traveler's checks, money orders, or bonds are purchased.

(g) Receipts in the form of dividends from investments are attributable to Indiana if the taxpayer's commercial domicile is in Indiana.

Sec. 9. (a) Receipts from rents and royalties from real or tangible personal property, sale of capital assets, interest, dividends, or patent or copyright royalties, to the extent that they constitute nonbusiness income (as defined in IC 6-3-1-21), are attributed as provided in this section.

(b) Receipts from net rents and royalties from real property located in Indiana are attributable to Indiana.

(c) Receipts from net rents and royalties from tangible personal property are attributed to Indiana:

(1) if and to the extent that the property is used in Indiana; or

(2) in their entirety if the taxpayer's commercial domicile is in Indiana and the taxpayer is not organized under the laws of

C o p y

or taxable in the state in which the property is used.

(d) The extent of use of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction. The numerator of the fraction is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year. The denominator of the fraction is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or not ascertainable by the taxpayer, tangible personal property is used in the state in which the property was located at the time the rental or royalty payer obtained possession.

(e) Receipts from the sales of real property located in Indiana are attributable to Indiana.

(f) Receipts from sales of tangible personal property are attributable to Indiana if:

(1) the property had a situs in Indiana at the time of the sale; or

(2) the taxpayer's commercial domicile is in Indiana and the taxpayer is not taxable in the state in which the property had a situs as determined under section 10 of this chapter.

(g) Receipts from intangible personal property are attributable to Indiana if the taxpayer's commercial domicile is in Indiana.

(h) Receipts from interest and dividends are attributable to Indiana if the taxpayer's commercial domicile is in Indiana.

(i) Patent and copyright royalties are attributable to Indiana:

(1) if and to the extent that the patent or copyright is used by the taxpayer in Indiana; or

(2) if and to the extent that the patent or copyright is used by the taxpayer in a state in which the taxpayer is not taxable as determined under section 10 of this chapter and the taxpayer's commercial domicile is in Indiana.

A patent is used in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of use, the patent is used in the state in which the taxpayer's commercial domicile is located. A copyright is used in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect

C o p y

states of use, the copyright is used in the state in which the taxpayer's commercial domicile is located.

Sec. 10. For purposes of apportionment of income or receipts under this chapter, a taxpayer is taxable in another state if:

(1) in that state the taxpayer is subject to a franchise tax measured by net worth, a franchise tax for the privilege of doing business, or a corporate stock tax; or

(2) that state has jurisdiction to subject the taxpayer to a net worth tax regardless of whether, in fact, the state does or does not.

Sec. 11. (a) The property factor in the numerator of the apportionment factor for a transportation company is computed as follows:

(1) Fixed properties such as buildings and land used in business, shop, and terminal equipment and trucks or cars used locally or any other tangible property connected with the transportation business is assigned to the state in which the properties are located.

(2) The value of all movable equipment used in interstate transportation is assigned to Indiana on the basis of total miles traveled in Indiana as compared with total miles traveled everywhere.

(3) Fixed and movable property is combined to arrive at the total property factor: Indiana property over property everywhere.

Property owned by the transportation company is valued at original cost. Property rented is valued at eight (8) times the annual rental rate less any annual subrental.

(b) The payroll factor in the numerator of the apportionment factor for a transportation company is computed as follows:

(1) Wages and salaries of employees assigned to fixed locations in Indiana are included in the payroll factor of Indiana.

(2) Wages of personnel operating interstate transportation equipment are assigned to Indiana on the basis of total miles traveled in Indiana as compared to total miles traveled everywhere.

(3) The payroll of permanent and transient personnel is combined to arrive at the total payroll factor: Indiana payroll over payroll everywhere.

(c) The receipts factor in the numerator of the apportionment factor for a transportation company is computed as follows:

C o p y

(1) The total revenue dollars from transportation (both intrastate and interstate) are assigned to the states traversed on the basis of class or category mileage in each state in which or through which the freight or passengers move.

(2) Pipelines may substitute revenue miles with barrel miles, cubic foot miles, or other appropriate measures of product movement.

(3) In order to determine the percentage of revenue from transportation services in Indiana, the fraction of revenue miles in Indiana over revenue miles everywhere must be applied to total revenue from transportation.

Chapter 8. Taxable Adjusted Gross Income

Sec. 1. For purposes of this article, the taxable adjusted gross income of a taxpayer in a taxable year is equal to the adjusted gross income of the taxpayer for the taxable year as adjusted by this chapter.

Sec. 2. A taxpayer shall be treated as having taxable adjusted gross income for a taxable year under this chapter, even if the taxpayer does not have adjusted gross income tax due under IC 6-3 for that taxable year or the business entity is a pass through entity that is not obligated to pay adjusted gross income tax under IC 6-3.

Sec. 3. (a) This section applies to a member of an affiliated group as determined under IC 6-3-4-14.

(b) A taxpayer shall compute taxable adjusted gross income separately for the business entity as if the taxpayer were not part of an affiliated group. IC 6-3-4-14 (consolidated returns) does not apply to this article.

Sec. 4. (a) This section applies both to business income (as defined in IC 6-3-1-20) and nonbusiness income (as defined in IC 6-3-1-21).

(b) Only adjusted gross income derived from sources in Indiana, as determined under IC 6-3-2, shall be treated as adjusted gross income under this chapter.

Sec. 5. Notwithstanding any other law, only the deductions allowed by this chapter may be deducted from adjusted gross income to determine taxable adjusted gross income under this chapter.

Chapter 9. Business Activity Fee

Sec. 1. An excise tax is imposed on a taxpayer in each taxable year in which the taxpayer is doing business in Indiana.

Sec. 2. The tax imposed under section 1 of this chapter is for the privilege of doing business in Indiana in a taxable year regardless

C o p y

of the number of days in a taxable year that the taxpayer is actually doing business in Indiana.

Sec. 3. If the taxable net worth of the taxpayer is less than fifty thousand dollars ($50,000) the tax imposed by this chapter in a taxable year is zero (0).

Sec. 4. If:

(1) the taxable adjusted gross income of a taxpayer in the immediately preceding taxable year was not greater than zero (0); and

(2) the taxable net worth of the taxpayer is greater than fifty thousand dollars ($50,000) and is not greater than one million dollars ($1,000,000);

the tax imposed under this chapter in a taxable year is fifty dollars ($50).

Sec. 5. If:

(1) the adjusted gross income of a taxpayer in the immediately preceding taxable year was greater than zero dollars ($0); and

(2) the taxable net worth of the taxpayer is greater than fifty thousand dollars ($50,000) and is not greater than five hundred thousand dollars ($500,000);

the tax imposed under this chapter in a taxable year is fifty dollars ($50).

Sec. 6. (a) This section applies if sections 3, 4, and 5 of this chapter do not apply to the taxpayer and the taxpayer does not take a deduction under IC 6-2.2-6-2.

(b) The tax imposed under section 1 of this chapter is equal to the result determined under STEP THREE of the following formula:

STEP ONE: Multiply the taxpayer's taxable net worth by three-thousandths (0.003).

STEP TWO: Determine the greater of the following:

(A) Fifty dollars ($50).

(B) The STEP ONE result.

STEP THREE: Determine the lesser of the following:

(A) Two hundred fifty thousand dollars ($250,000).

(B) The STEP TWO result.

Sec. 7. (a) This section applies if sections 3, 4, and 5 of this chapter do not apply to the taxpayer and the taxpayer takes a deduction under IC 6-2.2-6-2.

(b) The tax imposed by section 1 of this chapter is equal to the result determined under the following formula:

STEP ONE: Multiply the taxpayer's taxable net worth,

C o p y

without any deduction under IC 6-2.2-6-2, by three-thousandths (0.003).

STEP TWO: If the STEP ONE result is not greater than fifty dollars ($50), the tax imposed under section 1 of this chapter is fifty dollars ($50).

STEP THREE: If the STEP ONE result is greater than fifty dollars ($50) and not greater than two thousand five hundred dollars ($2,500), the tax imposed under section 1 of this chapter is the STEP ONE result.

STEP FOUR: If the STEP ONE result is greater than two thousand five hundred dollars ($2,500), multiply the taxpayer's net worth, after subtracting the deduction under IC 6-2.2-6-2, by three-thousandths (0.003).

STEP FIVE: If the STEP FOUR result is not greater than two thousand five hundred dollars ($2,500), the tax imposed under section 1 of this chapter is two thousand five hundred dollars ($2,500).

STEP SIX: If the STEP FOUR result is greater than two thousand five hundred dollars ($2,500), the tax imposed under section 1 of this chapter is equal to the lesser of the following:

(A) Two hundred fifty thousand dollars ($250,000).

(B) The STEP FOUR result.

Chapter 10. Credits

Sec. 1. Notwithstanding any other law, the only credits allowable against the tax due under this article are the credits allowed under this chapter.

Sec. 2. A taxpayer is eligible for a credit against the tax imposed under this article for payments made under:

(1) IC 27-6-8-15;

(2) IC 27-8-8-16;

(3) IC 27-8-10-2.1; or

(4) IC 27-13-18-2;

by a member of an affiliated group (as defined in Section 1504 of the Internal Revenue Code) of which the taxpayer is a member.

Chapter 11. Payment of Fees; Final Returns

Sec. 1. A taxpayer shall file the return prescribed by the department for each taxable year that the taxpayer is doing business in Indiana regardless of whether the taxpayer has any tax due.

Sec. 2. The return must contain the information that the department may require by rule, including any detailed information that may be necessary to determine the taxpayer's tax

C o p y

liability under this article.

Sec. 3. Subject to IC 6-8.1-6-1, a return for a taxable year must be filed before the sixteenth day of the fourth month of the taxpayer's taxable year.

Sec. 4. Subject to IC 6-8.1-6-1, a taxpayer shall pay the tax imposed under this article for a taxable year before the sixteenth day of the fourth month of the taxpayer's taxable year.

Chapter 12. Administration

Sec. 1. Money collected under this article shall be deposited in the state general fund.

Sec. 2. The department may prescribe forms and adopt rules under IC 4-22-2 to carry out this article and collect the tax imposed by this article.

Sec. 3. The department may require a taxpayer to provide information concerning any licenses and registrations that the taxpayer has in Indiana.

Sec. 4. The department may require a taxpayer to notify the department concerning any change in its method of accounting or taxable year.

Sec. 5. The tax imposed under this article is a listed tax.

Chapter 13. Penalties

Sec. 1. The penalties in IC 6-8.1 apply to this article.

Sec. 2. If a taxpayer:

(1) fails to:

(A) file a notice, an information report, or a return; or

(B) pay the amount of the tax due;

as required under this article and IC 6-8.1; and

(2) within ninety (90) days after receiving written notice of a failure described in subdivision (1), fails to comply with this article and pay any penalty imposed under IC 6-8.1 for failure to comply with this article;

the department may suspend the taxpayer's privilege of doing business in Indiana for the remainder of the taxable year in which the failure occurred and for any subsequent taxable year. Notice of the suspension must be given under IC 4-21.5-3-4.

Sec. 3. A taxpayer may obtain administrative review of a suspension under section 2 of this chapter under IC 4-21.5-3-7 and judicial review of a final determination of the department under IC 4-21.5-5. Judicial review shall be initiated by filing a petition in the tax court. The tax court has exclusive jurisdiction over the review.

Sec. 4. Except during any time that an order suspending a

C o p y

taxpayer's privilege of doing business in Indiana is stayed under IC 4-21.5:

(1) a taxpayer whose privilege of doing business in Indiana has been suspended under this chapter is ineligible to enforce any right or power accruing to the taxpayer after the taxpayer receives written notice from the department that the taxpayer's privilege of doing business in Indiana has been suspended; and

(2) any contract entered into by the taxpayer after the taxpayer has received written notice that the taxpayer's privilege of doing business in Indiana has been suspended is voidable by any other party to the contract.

Sec. 5. If:

(1) the department suspends a taxpayer's privilege of doing business or a stay of an order suspending the taxpayer's privilege of doing business in Indiana is terminated; and

(2) the department knows that the taxpayer is required by any law to obtain a license or register with any state agency or political subdivision to engage in doing business;

the department shall notify the state agency or political subdivision that the taxpayer's privilege of doing business in Indiana has been suspended. Upon receipt of the notification, the state agency or political subdivision shall suspend the license or the rights accruing from registration issued by the state agency or political subdivision.

Sec. 6. An order suspending the privilege of doing business in Indiana may be rescinded if the taxpayer:

(1) complies with this article; and

(2) pays the penalties imposed under IC 6-8.1 for violation of this article.

Sec. 7. If an order suspending a taxpayer's privilege of doing business in Indiana is rescinded or stayed, the department shall notify each state agency and political subdivision described in section 5 of this chapter of the action. Upon receipt of the notice, each state agency and political subdivision shall reinstate any license or rights accruing from registration if the taxpayer otherwise qualifies for the license or registration and the taxpayer pays any fees imposed to reinstate the license or registration.

SECTION 75. IC 6-2.5-1-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 10. "Commercial printing" means a process or activity, or both, that is related to the production of**

C o p y

printed materials for others, including the following:

(1) Receiving, processing, moving, storing, and transmitting, either physically or electronically, copy elements and images to be reproduced.

(2) Plate making or cylinder making.

(3) Applying ink by one (1) or more processes, such as printing by letter press, lithography, gravure, screen, or digital means.

(4) Casemaking and binding.

(5) Assembling, packaging, and distributing printed materials.

The term does not include the business of photocopying.

SECTION 76. IC 6-2.5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 1, 2002]: Sec. 2. (a) The state gross retail tax is measured by the gross retail income received by a retail merchant in a retail unitary transaction and is imposed at the following rates:

STATE GROSS RETAIL TAX	GROSS RETAIL INCOME FROM THE RETAIL UNITARY TRANSACTION		
~~$ 0~~		~~less than~~	~~$ .10~~
~~$ .01~~	~~at least $ .10,~~	~~but less than~~	~~$ .30~~
~~$ .02~~	~~at least $ .30,~~	~~but less than~~	~~$ .50~~
~~$ .03~~	~~at least $ .50,~~	~~but less than~~	~~$ .70~~
~~$ .04~~	~~at least $ .70,~~	~~but less than~~	~~$ .90~~
~~$ .05~~	~~at least $ .90,~~	~~but less than~~	~~$1.10~~
$ 0		**less than**	**$0.09**
$ 0.01	**at least $0.09**	**but less than**	**$0.25**
$ 0.02	**at least $ 0.25**	**but less than**	**$0.42**
$ 0.03	**at least $ 0.42**	**but less than**	**$0.59**
$ 0.04	**at least $ 0.59**	**but less than**	**$0.75**
$ 0.05	**at least $ 0.75**	**but less than**	**$0.92**
$ 0.06	**at least $ 0.92**	**but less than**	**$1.09**

On a retail unitary transaction in which the gross retail income received by the retail merchant is one dollar and ~~ten~~ **nine** cents ~~($1.10)~~ **($1.09)** or more, the state gross retail tax is ~~five~~ **six** percent ~~(5%)~~ **(6%)** of that gross retail income.

(b) If the tax, computed under subsection (a), results in a fraction of one-half cent ~~($.005)~~ **($0.005)** or more, the amount of the tax shall be rounded to the next additional cent.

SECTION 77. IC 6-2.5-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) For

C o p y

purposes of this section:

(1) the retreading of tires shall be treated as the processing of tangible personal property; and

(2) commercial printing ~~as described in IC 6-2.1-2-4~~ shall be treated as the production and manufacture of tangible personal property.

(b) Transactions involving manufacturing machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for direct use in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property.

SECTION 78. IC 6-2.5-5-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 4.5. (a) As used in this section, "research and development equipment" means tangible personal property that:**

(1) is installed after June 30, 2003;

(2) consists of:

(A) laboratory equipment;

(B) research and development equipment;

(C) computers and computer software;

(D) telecommunications equipment; or

(E) testing equipment;

(3) is used in research and development activities devoted directly and exclusively to experimental or laboratory research and development for:

(A) new products;

(B) new uses of existing products; or

(C) improving or testing existing products;

(4) is acquired by the property owner for purposes described in this subsection; and

(5) was never before used by the owner for any purpose in Indiana.

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(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

C o p y

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.

SECTION 79. IC 6-2.5-5-5.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5.1. (a) As used in this section, "tangible personal property" includes electrical energy, natural or artificial gas, water, steam, and steam heat.

(b) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for direct consumption as a material to be consumed in the direct production of other tangible personal property in the person's business of manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing. ~~as described in IC 6-2.1-2-4.~~

SECTION 80. IC 6-2.5-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for incorporation as a material part of other tangible personal property which the purchaser manufactures, assembles, refines, or processes for sale in his business. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing. ~~as described in IC 6-2.1-2-4.~~

SECTION 81. IC 6-2.5-5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 21. (a) **For purposes of this section, "private benefit or gain" does not include reasonable compensation paid to an employee for work or services actually performed.**

(b) Sales of food are exempt from the state gross retail tax, if:

(1) the seller ~~is an organization described in IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **meets the filing requirements under subsection (d) and is any of the following:**

(A) A fraternity, a sorority, or a student cooperative housing organization that is connected with and under the supervision of a college, a university, or any other educational institution if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(B) Any:

C o p y

(i) institution;
(ii) trust;
(iii) group;
(iv) united fund;
(v) affiliated agency of a united fund;
(vi) nonprofit corporation;
(vii) cemetery association; or
(viii) organization;

that is organized and operated exclusively for religious, charitable, scientific, literary, educational, or civic purposes if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(C) A group, an organization, or a nonprofit corporation that is organized and operated for fraternal or social purposes, or as a business league or association, and not for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(D) A:

(i) hospital licensed by the state department of health;
(ii) shared hospital services organization exempt from federal income taxation by Section 501(c)(3) or 501(e) of the Internal Revenue Code;
(iii) labor union;
(iv) church;
(v) monastery;
(vi) convent;
(vii) school that is a part of the Indiana public school system;
(viii) parochial school regularly maintained by a recognized religious denomination; or
(ix) trust created for the purpose of paying pensions to members of a particular profession or business who created the trust for the purpose of paying pensions to each other;

if the taxpayer is not organized or operated for private profit or gain;

(2) the purchaser is a person confined to his home because of age, sickness, or infirmity;

(3) the seller delivers the food to the purchaser; and

(4) the delivery is prescribed as medically necessary by a physician licensed to practice medicine in Indiana.

~~(b)~~ **(c)** Sales of food are exempt from the state gross retail tax, if the

C o p y

seller is an organization described in ~~IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22~~ **subsection (b)(1),** and the purchaser is a patient in a hospital operated by the seller.

(d) To obtain the exemption provided by this section, a taxpayer must file an application for exemption with the department:

(1) before January 1, 2003, under IC 6-2.1-3-19 (repealed); or

(2) not later than one hundred twenty (120) days after the taxpayer's formation.

In addition, the taxpayer must file an annual report with the department on or before the fifteenth day of the fifth month following the close of each taxable year. If a taxpayer fails to file the report, the department shall notify the taxpayer of the failure. If within sixty (60) days after receiving such notice the taxpayer does not provide the report, the taxpayer's exemption shall be canceled. However, the department may reinstate the taxpayer's exemption if the taxpayer shows by petition that the failure was due to excusable neglect.

SECTION 82. IC 6-2.5-5-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 22. (a) Sales of school meals are exempt from the state gross retail tax, if:

(1) the seller is a school containing students in any grade, one (1) through twelve (12);

(2) the purchaser is one (1) of those students or a school employee; and

(3) the school furnishes the food on its premises.

(b) Sales of food by not-for-profit colleges or universities are exempt from the state gross retail tax, if the purchaser is a student at the college or university.

(c) Sales of meals after December 31, 1976, by a fraternity, sorority, or student cooperative housing organization described in ~~IC 6-2.1-3-19~~ **section 21(b)(1)(A) of this chapter** are exempt from the state gross retail tax, if the purchaser:

(1) is a member of the fraternity, sorority, or student cooperative housing organization; and

(2) is enrolled in the college, university, or educational institution with which the fraternity, sorority, or student cooperative housing organization is connected and by which it is supervised.

SECTION 83. IC 6-2.5-5-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 24. (a) Transactions are exempt from the state gross retail tax to the extent that the gross retail income from those transactions is derived from gross receipts that are: ~~exempt from the gross income tax under IC 6-2.1-3-2,~~

C o p y

~~IC 6-2.1-3-3.5, IC 6-2.1-3-5, IC 6-2.1-3-6, IC 6-2.1-3-7, or IC 6-2.1-3-13.~~

(1) derived from sales to the United States government, to the extent the state is prohibited by the Constitution of the United States from taxing that income;

(2) derived from commercial printing that results in printed materials, excluding the business of photocopying, that are shipped, mailed, or delivered outside Indiana;

(3) United States or Indiana taxes received or collected as a collecting agent explicitly designated as a collecting agent for a tax by statute for the state or the United States;

(4) collections by a retail merchant of a retailer's excise tax imposed by the United States exempt tax if:

(A) the tax is imposed solely on the sale at retail of tangible personal property;

(B) the tax is remitted to the appropriate taxing authority; and

(C) the retail merchant collects the tax separately as an addition to the price of the property sold;

(5) collections of a manufacturer's excise tax imposed by the United States on motor vehicles, motor vehicle bodies and chassis, parts and accessories for motor vehicles, tires, tubes for tires, or tread rubber and laminated tires, if the excise tax is separately stated by the collecting taxpayer as either an addition to or an inclusion in the price of the property sold; or

(6) amounts represented by an encumbrance of any kind on tangible personal property received by a retail merchant in reciprocal exchange for tangible personal property of like kind.

(b) Transactions are exempt from the state gross retail tax to the extent that the gross retail income from those transactions is derived from gross receipts that are: ~~exempt from the gross income tax under IC 6-2.1-3-1 or IC 6-2.1-3-3.~~

(1) interest or other earnings paid on bonds or other securities issued by the United States, to the extent the Constitution of the United States prohibits the taxation of that income; or

(2) derived from business conducted in commerce between the state and either another state or a foreign country, to the extent the state is prohibited from taxing that gross income by the Constitution of the United States.

SECTION 84. IC 6-2.5-5-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 25. (a) Transactions involving tangible personal property or service are

C o p y

exempt from the state gross retail tax, if the person acquiring the property or service:

(1) is an organization ~~which~~ **that** is ~~granted a gross income tax exemption under IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **described in section 21(b)(1) of this chapter;**

(2) primarily uses the property or service to carry on or to raise money to carry on ~~the~~ **its** not-for-profit purpose; ~~for which it receives the gross income tax exemption;~~ and

(3) is not an organization operated predominantly for social purposes.

(b) Transactions occurring after December 31, 1976, and involving tangible personal property or service are exempt from the state gross retail tax, if the person acquiring the property or service:

(1) is a fraternity, sorority, or student cooperative housing organization ~~which~~ **that** is ~~granted a gross income tax exemption under IC 6-2.1-3-19;~~ **described in section 21(b)(1)(A) of this chapter;** and

(2) uses the property or service to carry on its ordinary and usual activities and operations as a fraternity, sorority, or student cooperative housing organization.

SECTION 85. IC 6-2.5-5-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 26. (a) Sales of tangible personal property are exempt from the state gross retail tax, if:

(1) the seller is an organization ~~which~~ **that** is ~~granted a gross income tax exemption under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **described in section 21(b)(1) of this chapter;**

(2) the organization makes the sale to make money to carry on ~~the~~ **a** not-for-profit purpose; ~~for which it receives its gross income tax exemption;~~ and

(3) the organization does not make those sales during more than thirty (30) days in a calendar year.

(b) Sales of tangible personal property are exempt from the state gross retail tax, if:

(1) the seller is an organization ~~which is granted a gross income tax exemption under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **described in section 21(b)(1) of this chapter;**

(2) the seller is not operated predominantly for social purposes;

(3) the property sold is designed and intended primarily either for the organization's educational, cultural, or religious purposes, or for improvement of the work skills or professional qualifications of the organization's members; and

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(4) the property sold is not designed or intended primarily for use in carrying on a private or proprietary business.

(c) The exemption provided by this section does not apply to an accredited college or university's sales of books, stationery, haberdashery, supplies, or other property.

SECTION 86. IC 6-2.5-6-1, AS AMENDED BY P.L.185-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. (a) Each person liable for collecting the state gross retail or use tax shall file a return for each calendar month and pay the state gross retail and use taxes that the person collects during that month. A person shall file the person's return for a particular month with the department and make the person's tax payment for that month to the department not more than thirty (30) days after the end of that month, if that person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year did not exceed one thousand dollars ($1,000). If a person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year exceeded one thousand dollars ($1,000), that person shall file the person's return for a particular month and make the person's tax payment for that month to the department not more than twenty (20) days after the end of that month.

(b) If a person files a combined sales and withholding tax report and either this section or IC 6-3-4-8.1 requires sales or withholding tax reports to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(c) Instead of the reporting periods required under subsection (a), the department may permit a retail merchant to report and pay the merchant's state gross retail and use taxes for a period covering:

(1) a calendar year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed ten dollars ($10); or

(2) a calendar half year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed twenty-five dollars ($25).

A retail merchant using a reporting period allowed under this subsection must file the merchant's return and pay the merchant's tax for a reporting period not later than the last day of the month immediately following the close of that reporting period.

C o p y

(d) If a retail merchant reports the merchant's **adjusted** gross income tax, or the tax the merchant pays in place of the **adjusted** gross income tax, over a fiscal year or fiscal quarter not corresponding to the calendar year or calendar quarter, the merchant may, without prior departmental approval, report and pay the merchant's state gross retail and use taxes over the merchant's fiscal period that corresponds to the calendar period the merchant is permitted to use under subsection (c). However, the department may, at any time, require the retail merchant to stop using the fiscal reporting period.

(e) If a retail merchant files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under:

(1) this section;

(2) IC 6-3-4-8; or

(3) IC 6-3-4-8.1.

(f) If the department determines that a person's:

(1) estimated monthly gross retail and use tax liability for the current year; or

(2) average monthly gross retail and use tax liability for the preceding year;

exceeds ten thousand dollars ($10,000) the person shall pay the monthly gross retail and use taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

SECTION 87. IC 6-2.5-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. A retail merchant may, without prior departmental approval, report and pay his state gross retail and use taxes on an accrual basis, if he uses the accrual basis to pay and report the **adjusted** gross income tax or the tax imposed on him in place of the **adjusted** gross income tax. The department may, at any time, require the retail merchant to stop using the accrual basis.

SECTION 88. IC 6-2.5-6-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 1, 2002]: Sec. 7. Except as otherwise provided in IC 6-2.5-7 or in this chapter, a retail merchant shall pay to the department, for a particular reporting period, an amount equal to the product of:

(1) ~~five~~ **six** percent ~~(5%),~~ **(6%);** multiplied by

(2) the retail merchant's total gross retail income from taxable transactions made during the reporting period.

C o p y

The amount determined under this section is the retail merchant's state gross retail and use tax liability regardless of the amount of tax he actually collects.

SECTION 89. IC 6-2.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 1, 2002]: Sec. 8. (a) For purposes of determining the amount of state gross retail and use taxes which he must remit under section 7 of this chapter, a retail merchant may exclude from his gross retail income from retail transactions made during a particular reporting period, an amount equal to the product of:

(1) the amount of that gross retail income; multiplied by

(2) the retail merchant's "income exclusion ratio" for the tax year which contains the reporting period.

(b) A retail merchant's "income exclusion ratio" for a particular tax year equals a fraction, the numerator of which is the retail merchant's estimated total gross retail income for the tax year from unitary retail transactions which produce gross retail income of less than ~~ten~~ **nine** cents ~~($.10)~~ **($0.09)** each, and the denominator of which is the retail merchant's estimated total gross retail income for the tax year from all retail transactions.

(c) In order to minimize a retail merchant's recordkeeping requirements, the department shall prescribe a procedure for determining the retail merchant's income exclusion ratio for a tax year, based on a period of time, not to exceed fifteen (15) consecutive days, during the first quarter of the retail merchant's tax year. However, the period of time may be changed if the change is requested by the retail merchant because of his peculiar accounting procedures or marketing factors. In addition, if a retail merchant has multiple sales locations or diverse types of sales, the department shall permit the retail merchant to determine the ratio on the basis of a representative sampling of the locations and types of sales.

SECTION 90. IC 6-2.5-6-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 1, 2002]: Sec. 10. (a) In order to compensate retail merchants for collecting and timely remitting the state gross retail tax and the state use tax, every retail merchant, except a retail merchant referred to in subsection (c), is entitled to deduct and retain from the amount of those taxes otherwise required to be remitted under IC 6-2.5-7-5 or under this chapter, if timely remitted, a retail merchant's collection allowance.

(b) The allowance equals ~~one~~ **eighty-three hundredths** percent ~~(1%)~~ **(0.83%)** of the retail merchant's state gross retail and use tax liability accrued during a reporting period.

(c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not

C o p y

entitled to the allowance provided by this section.

SECTION 91. IC 6-2.5-7-3, AS AMENDED BY P.L.222-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 1, 2002]: Sec. 3. (a) With respect to the sale of gasoline which is dispensed from a metered pump, a retail merchant shall collect, for each unit of gasoline sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent ~~($.001),~~ **($0.001),** of:

~~(i)~~ **(1)** the price per unit before the addition of state and federal taxes; multiplied by

~~(ii) five~~ **(2) six** percent ~~(5%).~~ **(6%).**

The retail merchant shall collect the state gross retail tax prescribed in this section even if the transaction is exempt from taxation under IC 6-2.5-5.

(b) With respect to the sale of special fuel or kerosene which is dispensed from a metered pump, unless the purchaser provides an exemption certificate in accordance with IC 6-2.5-8-8, a retail merchant shall collect, for each unit of special fuel or kerosene sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent ~~($.001),~~ **($0.001),** of:

~~(i)~~ **(1)** the price per unit before the addition of state and federal taxes; multiplied by

~~(ii) five~~ **(2) six** percent ~~(5%).~~ **(6%).**

Unless the exemption certificate is provided, the retail merchant shall collect the state gross retail tax prescribed in this section even if the transaction is exempt from taxation under IC 6-2.5-5.

SECTION 92. IC 6-2.5-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 1, 2002]: Sec. 5. (a) Each retail merchant who dispenses gasoline or special fuel from a metered pump shall, in the manner prescribed in IC 6-2.5-6, report to the department the following information:

(1) The total number of gallons of gasoline sold from a metered pump during the period covered by the report.

(2) The total amount of money received from the sale of gasoline described in subdivision (1) during the period covered by the report.

(3) That portion of the amount described in subdivision (2) which represents state and federal taxes imposed under IC 6-2.5, IC 6-6-1.1, or Section 4081 of the Internal Revenue Code.

(4) The total number of gallons of special fuel sold from a metered pump during the period covered by the report.

(5) The total amount of money received from the sale of special

C o p y

fuel during the period covered by the report.

(6) That portion of the amount described in subdivision (5) that represents state and federal taxes imposed under IC 6-2.5, IC 6-6-2.5, or Section 4041 of the Internal Revenue Code.

(b) Concurrently with filing the report, the retail merchant shall remit the state gross retail tax in an amount which equals ~~one twenty-first (1/21)~~ **five and sixty-six hundredths percent (5.66%)** of the gross receipts, including state gross retail taxes but excluding Indiana and federal gasoline and special fuel taxes, received by the retail merchant from the sale of the gasoline and special fuel that is covered by the report and on which the retail merchant was required to collect state gross retail tax. The retail merchant shall remit that amount regardless of the amount of state gross retail tax which he has actually collected under this chapter. However, the retail merchant is entitled to deduct and retain the amounts prescribed in subsection (c), IC 6-2.5-6-10, and IC 6-2.5-6-11.

(c) A retail merchant is entitled to deduct from the amount of state gross retail tax required to be remitted under subsection (b) an amount equal to:

(1) the sum of the prepayment amounts made during the period covered by the retail merchant's report; minus

(2) the sum of prepayment amounts collected by the retail merchant, in the merchant's capacity as a qualified distributor, during the period covered by the retail merchant's report.

For purposes of this section, a prepayment of the gross retail tax is presumed to occur on the date on which it is invoiced.

SECTION 93. IC 6-2.5-10-1, AS AMENDED BY P.L.253-1999, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 1, 2002]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects.

(b) **Except as provided in subsection (c),** the department shall deposit those collections in the following manner:

(1) Forty percent (40%) of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.

(2) Fifty-nine and ~~three-hundredths~~ **one hundred ninety-two thousandths** percent ~~(59.03%)~~ **(59.192%)** of the collections shall be paid into the state general fund.

(3) ~~Seventy-six hundredths~~ **Six hundred thirty-three thousandths** of one percent ~~(0.76%)~~ **(0.633%)** of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.

(4) ~~Four hundredths~~ **Thirty-three thousandths** of one percent

C o p y

~~(0.04%)~~ **(0.033%)** of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.

(5) ~~Seventeen hundredths~~ **One hundred forty-two thousandths** of one percent ~~(0.17%)~~ **(0.142%)** of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.

(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.

SECTION 94. IC 6-2.5-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. The provisions of the **adjusted** gross income tax law ~~(IC 6-2.1),~~ **(IC 6-3),** which do not conflict with the provisions of this article and which deal with any of the following subjects, apply for the purposes of imposing, collecting, and administering the state gross retail and use taxes under this article:

(1) Filing of returns.

(2) Auditing of returns.

(3) Investigation of tax liability.

(4) Determination of tax liability.

(5) Notification of tax liability.

(6) Assessment of tax liability.

C o p y

(7) Collection of tax liability.
(8) Examination of taxpayer's books and records.
(9) Legal proceedings.
(10) Court actions.
(11) Remedies.
(12) Privileges.
(13) Taxpayer and departmental relief.
(14) Statutes of limitations.
(15) Hearings.
(16) Refunds.
(17) Remittances.
(18) Imposition of penalties and interest.
(19) Maintenance of departmental records.
(20) Confidentiality of taxpayer's returns.
(21) Duties of the secretary of state and the treasurer of state.
(22) Administration.

SECTION 95. IC 6-3-1-3.5, AS AMENDED BY P.L.14-2000, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 3.5. When used in IC 6-3, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States. **In addition, for taxable years beginning after December 31, 2001, and before January 1, 2004, add an amount equal to any deduction or deductions allowed or allowable under Section 62 of the Internal Revenue Code for taxes on property levied by any subdivision of any state of the United States.**

(3) Subtract one thousand dollars ($1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars ($1,000).

(4) Subtract one thousand dollars ($1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

C o p y

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars ($1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars ($500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars ($40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars ($2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Internal Revenue Code Section 111 as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal

C o p y

gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) **For taxable years beginning before January 1, 2002, or after December 31, 2003,** subtract an amount equal to the lesser of:

(A) two thousand five hundred dollars ($2,500); or

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed

C o p y

or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States. **In addition, for taxable years beginning after December 31, 2001, and before January 1, 2004, add an amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes on property levied by a state or subdivision of a state of the United States.**

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(c) **In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:**

(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state. For taxable years beginning after December 31, 2001, and before January 1, 2004, add an amount equal to a deduction or deductions allowed or allowable under Section 63, Section 805, or Section 831(c) of the Internal Revenue Code for taxes on property levied by a state or subdivision of a state of the United States.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue

C o p y

Code for taxes based on or measured by income and levied at the state level by any state. For taxable years beginning after December 31, 2001, and before January 1, 2004, add an amount equal to a deduction or deductions allowed or allowable under Section 63, Section 805, or Section 831(c) of the Internal Revenue Code for taxes on property levied by a state or subdivision of a state of the United States.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) reduced by income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

SECTION 96. IC 6-3-1-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. ~~The term~~ **As used in this article,** "corporation" includes all corporations, associations, real estate investment trusts (as defined in the Internal Revenue Code), joint stock companies, whether organized for profit or not-for-profit, any receiver, trustee or conservator thereof, business trusts, Massachusetts trusts, any proprietorship or partnership taxable under Section 1361 of the Internal Revenue Code, and any publicly traded partnership that is treated as a corporation for federal income tax purposes under Section 7704 of the Internal Revenue Code. **The term includes life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) and insurance companies subject to tax under Section 831 of the Internal Revenue Code.**

SECTION 97. IC 6-3-1-11, AS AMENDED BY P.L.9-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, 2001.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, 2001, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, 2001, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the

C o p y

regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, 2001, that is effective for any taxable year that began before January 1, 2001, and that affects:

(1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);

(2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

(3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);

(4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);

(5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or

(6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under ~~IC 6-3-1-3.5 and net income under IC 6-3-8-2(b).~~ **section 3.5 of this chapter.**

SECTION 98. IC 6-3-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. (a) Each taxable year, a tax at the rate of three and four-tenths percent (3.4%) of adjusted gross income is imposed upon the adjusted gross income of every resident person, and on that part of the adjusted gross income derived from sources within Indiana of every nonresident person.

(b) Each taxable year, a tax at the rate of ~~three~~ **eight** and ~~four-tenths~~ **five-tenths** percent ~~(3.4%)~~ **(8.5%)** of adjusted gross income is imposed on that part of the adjusted gross income derived from sources within Indiana of every corporation.

SECTION 99. IC 6-3-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) With regard to corporations and nonresident persons, "adjusted gross income derived from sources within Indiana", for the purposes of this article, shall mean and include:

(1) income from real or tangible personal property located in this state;

(2) income from doing business in this state;

(3) income from a trade or profession conducted in this state;

(4) compensation for labor or services rendered within this state; and

(5) income from stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, good will, trademarks,

C o p y

trade brands, franchises, and other intangible personal property if the receipt from the intangible is attributable to Indiana under section 2.2 of this chapter.

In the case of nonbusiness income described in subsection (g), only so much of such income as is allocated to this state under the provisions of subsections (h) through (k) shall be deemed to be derived from sources within Indiana. In the case of business income, only so much of such income as is apportioned to this state under the provision of subsection (b) shall be deemed to be derived from sources within the state of Indiana. In the case of compensation of a team member (as defined in section 2.7 of this chapter) only the portion of income determined to be Indiana income under section 2.7 of this chapter is considered derived from sources within Indiana. **In the case of a corporation that is a life insurance company (as defined in Section 816(a) of the Internal Revenue Code), or an insurance company that is subject to tax under Section 831 of the Internal Revenue Code, only so much of the income as is apportioned to Indiana under subsection (r) is considered derived from sources within Indiana.**

(b) Except as provided in subsection (l), if business income of a corporation or a nonresident person is derived from sources within the state of Indiana and from sources without the state of Indiana, then the business income derived from sources within this state shall be determined by multiplying the business income derived from sources both within and without the state of Indiana by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three (3). However, after a period of two (2) consecutive quarters of income growth and one (1) additional quarter (regardless of any income growth), the fraction shall be computed as follows:

(1) For all taxable years that begin within the first calendar year immediately following the period, the numerator of the fraction is the sum of the property factor plus the payroll factor plus one hundred thirty-three percent (133%) of the sales factor, and the denominator of the fraction is three and thirty-three hundredths (3.33).

(2) For all taxable years that begin within the second calendar year following the period, the numerator of the fraction is the property factor plus the payroll factor plus one hundred sixty-seven percent (167%) of the sales factor, and the denominator of the fraction is three and sixty-seven hundredths (3.67).

C o p y

(3) For all taxable years beginning on or after January 1 of the third calendar year following the period, the numerator of the fraction is the property factor plus the payroll factor plus two hundred percent (200%) of the sales factor, and the denominator of the fraction is four (4).

For purposes of this subsection, income growth occurs when the state's nonfarm personal income for a calendar quarter increases in comparison with the state's nonfarm personal income for the immediately preceding quarter at an annualized compound rate of five percent (5%) or more, as determined by the budget agency based on current dollar figures provided by the Bureau of Economic Analysis of the United States Department of Commerce or its successor agency. The annualized compound rate shall be computed in accordance with the formula $(1+N)^4-1$, where N equals the percentage change in the state's current dollar nonfarm personal income from one (1) quarter to the next. As soon as possible after two (2) consecutive quarters of income growth, the budget agency shall advise the department of the growth.

(c) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year. However, with respect to a foreign corporation, the denominator does not include the average value of real or tangible personal property owned or rented and used in a place that is outside the United States. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight (8) times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals. The average of property shall be determined by averaging the values at the beginning and ending of the taxable year but the department may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the taxpayer's property.

(d) The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the taxable year by the taxpayer for compensation, and the denominator of which is the total compensation paid everywhere during the taxable year. However, with respect to a foreign corporation, the denominator does not include compensation paid in a place that is outside the United States. Compensation is paid in this state if:

C o p y

(1) the individual's service is performed entirely within the state;
(2) the individual's service is performed both within and without this state, but the service performed without this state is incidental to the individual's service within this state; or
(3) some of the service is performed in this state and:
(A) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in this state; or
(B) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual is a resident of this state.

(e) The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the taxable year, and the denominator of which is the total sales of the taxpayer everywhere during the taxable year. Sales include receipts from intangible property and receipts from the sale or exchange of intangible property. However, with respect to a foreign corporation, the denominator does not include sales made in a place that is outside the United States. Receipts from intangible personal property are derived from sources within Indiana if the receipts from the intangible personal property are attributable to Indiana under section 2.2 of this chapter. Sales of tangible personal property are in this state if:
(1) the property is delivered or shipped to a purchaser, other than the United States government, within this state, regardless of the f.o.b. point or other conditions of the sale; or
(2) the property is shipped from an office, a store, a warehouse, a factory, or other place of storage in this state and:
(A) the purchaser is the United States government; or
(B) the taxpayer is not taxable in the state of the purchaser.

Gross receipts derived from commercial printing as described in IC 6-2.1-2-4 shall be treated as sales of tangible personal property for purposes of this chapter.

(f) Sales, other than receipts from intangible property covered by subsection (e) and sales of tangible personal property, are in this state if:
(1) the income-producing activity is performed in this state; or
(2) the income-producing activity is performed both within and without this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

(g) Rents and royalties from real or tangible personal property,

C o p y

capital gains, interest, dividends, or patent or copyright royalties, to the extent that they constitute nonbusiness income, shall be allocated as provided in subsections (h) through (k).

(h)(1) Net rents and royalties from real property located in this state are allocable to this state.

(2) Net rents and royalties from tangible personal property are allocated to this state:

(i) if and to the extent that the property is utilized in this state; or

(ii) in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

(3) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year, and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(i)(1) Capital gains and losses from sales of real property located in this state are allocable to this state.

(2) Capital gains and losses from sales of tangible personal property are allocable to this state if:

(i) the property had a situs in this state at the time of the sale; or

(ii) the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.

(3) Capital gains and losses from sales of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.

(j) Interest and dividends are allocable to this state if the taxpayer's commercial domicile is in this state.

(k)(1) Patent and copyright royalties are allocable to this state:

(i) if and to the extent that the patent or copyright is utilized by the taxpayer in this state; or

(ii) if and to the extent that the patent or copyright is utilized by the taxpayer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state.

(2) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in

C o p y

the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located.

(3) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

(l) If the allocation and apportionment provisions of this article do not fairly represent the taxpayer's income derived from sources within the state of Indiana, the taxpayer may petition for or the department may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

(1) separate accounting;

(2) the exclusion of any one (1) or more of the factors;

(3) the inclusion of one (1) or more additional factors which will fairly represent the taxpayer's income derived from sources within the state of Indiana; or

(4) the employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

(m) In the case of two (2) or more organizations, trades, or businesses owned or controlled directly or indirectly by the same interests, the department shall distribute, apportion, or allocate the income derived from sources within the state of Indiana between and among those organizations, trades, or businesses in order to fairly reflect and report the income derived from sources within the state of Indiana by various taxpayers.

(n) For purposes of allocation and apportionment of income under this article, a taxpayer is taxable in another state if:

(1) in that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or

(2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

(o) Notwithstanding subsections (l) and (m), the department may not, under any circumstances, require that income, deductions, and credits attributable to a taxpayer and another entity be reported in a combined income tax return for any taxable year, if the other entity is:

C o p y

(1) a foreign corporation; or

(2) a corporation that is classified as a foreign operating corporation for the taxable year by section 2.4 of this chapter.

(p) Notwithstanding subsections (l) and (m), the department may not require that income, deductions, and credits attributable to a taxpayer and another entity not described in subsection (o)(1) or (o)(2) be reported in a combined income tax return for any taxable year, unless the department is unable to fairly reflect the taxpayer's adjusted gross income for the taxable year through use of other powers granted to the department by subsections (l) and (m).

(q) Notwithstanding subsections (o) and (p), one (1) or more taxpayers may petition the department under subsection (l) for permission to file a combined income tax return for a taxable year. The petition to file a combined income tax return must be completed and filed with the department not more than thirty (30) days after the end of the taxpayer's taxable year.

(r) This subsection applies to a corporation that is a life insurance company (as defined in Section 816(a) of the Internal Revenue Code) or an insurance company that is subject to tax under Section 831 of the Internal Revenue Code. The corporation's adjusted gross income that is derived from sources within Indiana is determined by multiplying the corporation's adjusted gross income by a fraction:

(1) the numerator of which is the direct premiums and annuity considerations received during the taxable year for insurance upon property or risks in the state; and

(2) the denominator of which is the direct premiums and annuity considerations received during the taxable year for insurance upon property or risks everywhere.

The term "direct premiums and annuity considerations" means the gross premiums received from direct business as reported in the corporation's annual statement filed with the department of insurance.

SECTION 100. IC 6-3-2-2.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.3. Notwithstanding any other provision of this article, with respect to a person, corporation, or partnership that has contracted with a commercial printer for printing:

(1) the ownership or leasing by that entity of tangible or intangible property located at the Indiana premises of the commercial printer;

(2) the sale by that entity of property of any kind produced at and

C o p y

shipped or distributed from the Indiana premises of the commercial printer;

(3) the activities of any kind performed by or on behalf of that entity at the Indiana premises of the commercial printer; and

(4) the activities performed by the commercial printer in Indiana for or on behalf of that entity;

shall not cause that entity to have adjusted gross income derived from sources within Indiana for purposes of the taxes imposed by this chapter, ~~and IC 6-3-8,~~ unless that entity engages in other activities in Indiana away from the premises of the commercial printer that exceed the protection of 15 U.S.C. 381.

SECTION 101. IC 6-3-2-2.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.6. (a) This section applies to a corporation or a nonresident person, for a particular taxable year, if the taxpayer's adjusted gross income for that taxable year is reduced because of a deduction allowed under Section 172 of the Internal Revenue Code for a net operating loss. For purposes of section 1 of this chapter, the taxpayer's adjusted gross income, for the particular taxable year, derived from sources within Indiana is the remainder determined under STEP FOUR of the following formula:

STEP ONE: Determine, in the manner prescribed in section 2 of this chapter, the taxpayer's adjusted gross income, for the taxable year, derived from sources within Indiana, as calculated without the deduction for net operating losses provided by Section 172 of the Internal Revenue Code.

STEP TWO: Determine, in the manner prescribed in subsection (b), the amount of the taxpayer's net operating losses that are deductible for the taxable year under Section 172 of the Internal Revenue Code, as adjusted to reflect the modifications required by IC 6-3-1-3.5, and that are derived from sources within Indiana.

STEP THREE: Enter the larger of zero (0) or the amount determined under STEP TWO.

STEP FOUR: Subtract the amount entered under STEP THREE from the amount determined under STEP ONE.

(b) For purposes of STEP TWO of subsection (a), the modifications that are to be applied are those modifications required under IC 6-3-1-3.5 for the same taxable year during which each net operating loss was incurred. In addition, for purposes of STEP TWO of subsection (a), the amount of a taxpayer's net operating losses that are derived from sources within Indiana shall be determined in the same manner that the amount of the taxpayer's income derived from sources within Indiana is determined, under section 2 of this chapter, for the

C o p y

same taxable year during which each loss was incurred. Also, for purposes of STEP TWO of subsection (a), the following procedures apply:

(1) The taxpayer's net operating loss for a particular taxable year shall be treated as a positive number.

(2) A modification that is to be added to federal adjusted gross income or federal taxable income under IC 6-3-1-3.5 shall be treated as a negative number.

(3) A modification that is to be subtracted from federal adjusted gross income or federal taxable income under IC 6-3-1-3.5 shall be treated as a positive number.

(4) A net operating loss under this section shall be considered even though, in the year the taxpayer incurred the loss, the taxpayer was not subject to the tax imposed under section 1 of this chapter because the taxpayer was:

(A) a life insurance company (as defined in Section 816(a) of the Internal Revenue Code); or

(B) an insurance company subject to tax under Section 831 of the Internal Revenue Code.

SECTION 102. IC 6-3-2-2.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.8. Notwithstanding any provision of IC 6-3-1 through IC 6-3-7, there shall be no tax on the adjusted gross income of the following:

(1) Any organization described in Section 501(a) of the Internal Revenue Code, except that any income of such organization which is subject to income tax under the Internal Revenue Code shall be subject to the tax under IC 6-3-1 through IC 6-3-7.

(2) Any corporation which is exempt from income tax under Section 1363 of the Internal Revenue Code and which complies with the requirements of IC 6-3-4-13. However, income of a corporation described under this subdivision that is subject to income tax under the Internal Revenue Code is subject to the tax under IC 6-3-1 through IC 6-3-7. A corporation will not lose its exemption under this section because it fails to comply with IC 6-3-4-13 but it will be subject to the penalties provided by IC 6-8.1-10.

(3) Banks and trust companies, national banking associations, savings banks, building and loan associations, and savings and loan associations.

(4) Insurance companies subject to tax under IC 27-1-18-2, **including a domestic insurance company that elects to be taxed under IC 27-1-18-2.**

C o p y

(5) International banking facilities (as defined in Regulation D of the Board of Governors of the Federal Reserve System (12 CFR 204)).

SECTION 103. IC 6-3-2-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3.1. (a) Except as otherwise provided in subsection (b), income is not exempt from the adjusted gross income tax ~~or the supplemental net income tax,~~ under section 2.8(1) of this chapter if the income is derived by the exempt organization from an unrelated trade or business, as defined in Section 513 of the Internal Revenue Code.

(b) This section does not apply to:

(1) the United States government;

(2) an agency or instrumentality of the United States government;

(3) this state;

(4) a state agency, as defined in IC 34-6-2-141;

(5) a political subdivision, as defined in IC 34-6-2-110; or

(6) a county solid waste management district or a joint solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal).

SECTION 104. IC 6-3-2-6, AS AMENDED BY P.L.14-1999, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) Each taxable year, an individual who rents a dwelling for use as ~~his~~ **the individual's** principal place of residence may deduct from ~~his~~ **the individual's** adjusted gross income (as defined in IC 6-3-1-3.5(a)), the lesser of:

(1) the amount of rent paid by ~~him~~ **the individual** with respect to the dwelling during the taxable year; or

(2) ~~two~~ **four** thousand dollars ~~($2,000).~~ **($4,000).**

(b) Notwithstanding subsection (a), a husband and wife filing a joint adjusted gross income tax return for a particular taxable year may not claim a deduction under this section of more than ~~two~~ **four** thousand dollars ~~($2,000).~~ **($4,000).**

(c) The deduction provided by this section does not apply to an individual who rents a dwelling that is exempt from Indiana property tax.

(d) For purposes of this section, a "dwelling" includes a single family dwelling and unit of a multi-family dwelling.

SECTION 105. IC 6-3-4-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4.1. (a) This section applies to taxable years beginning after December 31, 1993.

(b) Any individual required by the Internal Revenue Code to file estimated tax returns and to make payments on account of such

C o p y

estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, in applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.

(c) Every individual who has **adjusted** gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than four hundred dollars ($400). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

(d) Every corporation subject to the adjusted gross income tax liability imposed by IC 6-3 shall be required to report and pay an estimated tax equal to twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year. ~~less the credit allowed by IC 6-3-3-2 for the tax imposed on gross income. Such estimated payment shall be made at the same time and in conjunction with the reporting of gross income tax as provided for in IC 6-2.1-5.~~ **A taxpayer who uses a taxable year that ends on December 31 shall file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year.** The department shall prescribe the manner and forms for such reporting and payment.

(e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (d) or (g). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax plus supplemental net income tax plus gross income tax which equal or exceed:

(1) twenty percent (20%) of the final tax liability for such taxable

C o p y

year; or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the sum of the corporation's final adjusted gross income tax plus supplemental net income tax liability for such taxable year.

(f) The provisions of subsection (d) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability which, after application of the credit allowed by IC 6-3-3-2, shall exceed one thousand dollars ($1,000) for its taxable year.

(g) If the department determines that a corporation's:

(1) estimated quarterly adjusted gross income tax liability for the current year; or

(2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds, before January 1, 1998, twenty thousand dollars ($20,000), and, after December 31, 1997, ten thousand dollars ($10,000), after the credit allowed by IC 6-3-3-2, the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(h) If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.

SECTION 106. IC 6-3-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 8. (a) Except as provided in subsection (d) **or (l),** every employer making payments of wages subject to tax under IC 6-3, regardless of the place where such payment is made, who is required under the provisions of the Internal Revenue Code to withhold, collect, and pay over income tax on wages paid by such employer to such employee, shall, at the time of payment of such wages, deduct and retain therefrom the amount prescribed in withholding instructions issued by the department. The department shall base its withholding instructions on the adjusted gross income tax rate for persons, on the total rates of any income taxes that the taxpayer is subject to under IC 6-3.5, and on the total amount of exclusions the

C o p y

taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4). Such employer making payments of any wages:

(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and withheld under this section and shall not be liable to any individual for the amount deducted from ~~his~~ **the individual's** wages and paid over in compliance or intended compliance with this section; and

(2) shall make return of and payment to the department monthly of the amount of tax which under IC 6-3 and IC 6-3.5 ~~he~~ **the employer** is required to withhold.

(b) An employer shall pay taxes withheld under subsection (a) during a particular month to the department no later than thirty (30) days after the end of that month. However, in place of monthly reporting periods, the department may permit an employer to report and pay the tax for:

(1) a calendar year reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed ten dollars ($10);

(2) a six (6) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed twenty-five dollars ($25); or

(3) a three (3) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed seventy-five dollars ($75).

An employer using a reporting period (other than a monthly reporting period) must file the employer's return and pay the tax for a reporting period no later than the last day of the month immediately following the close of the reporting period. If an employer files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under this section, section 8.1 of this chapter, or IC 6-2.5-6-1.

(c) For purposes of determining whether an employee is subject to taxation under IC 6-3.5, an employer is entitled to rely on the statement of ~~his~~ **an** employee as to ~~his~~ **the employee's** county of residence as represented by the statement of address in forms claiming exemptions for purposes of withholding, regardless of when the employee supplied the forms. Every employee shall notify ~~his~~ **the employee's** employer within five (5) days after any change in ~~his~~ **the employee's** county of residence.

(d) A county that makes payments of wages subject to tax under IC 6-3:

C o p y

(1) to a precinct election officer (as defined in IC 3-5-2-40.1); and

(2) for the performance of the duties of the precinct election officer imposed by IC 3 that are performed on election day;

is not required, at the time of payment of the wages, to deduct and retain from the wages the amount prescribed in withholding instructions issued by the department.

(e) Every employer shall, at the time of each payment made by ~~him~~ **the employer** to the department, deliver to the department a return upon the form prescribed by the department showing:

(1) the total amount of wages paid to ~~his~~ **the employer's** employees;

(2) the amount deducted therefrom in accordance with the provisions of the Internal Revenue Code;

(3) the amount of adjusted gross income tax deducted therefrom in accordance with the provisions of this section;

(4) the amount of income tax, if any, imposed under IC 6-3.5 and deducted therefrom in accordance with this section; and

(5) any other information the department may require.

Every employer making a declaration of withholding as provided in this section shall furnish ~~his~~ **the employer's** employees annually, but not later than thirty (30) days after the end of the calendar year, a record of the total amount of adjusted gross income tax and the amount of each income tax, if any, imposed under IC 6-3.5, withheld from the employees, on the forms prescribed by the department.

(f) All money deducted and withheld by an employer shall immediately upon such deduction be the money of the state, and every employer who deducts and retains any amount of money under the provisions of IC 6-3 shall hold the same in trust for the state of Indiana and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any employer may be required to post a surety bond in the sum the department determines to be appropriate to protect the state with respect to money withheld pursuant to this section.

(g) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to employers subject to the provisions of this section, and for these purposes any amount deducted or required to be deducted and remitted to the department under this section shall be considered to be the tax of the employer, and with respect to such amount the employer shall be considered the taxpayer. In the case of a corporate or partnership employer, every officer, employee, or member of such employer, who, as such officer, employee, or member is under a duty to deduct and remit such taxes

C o p y

shall be personally liable for such taxes, penalties, and interest.

(h) Amounts deducted from wages of an employee during any calendar year in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such employee for ~~his~~ **the employee's** taxable year which begins in such calendar year, and a return made by the employer under subsection (b) shall be accepted by the department as evidence in favor of the employee of the amount so deducted from ~~his~~ **the employee's** wages. Where the total amount so deducted exceeds the amount of tax on the employee as computed under IC 6-3 and IC 6-3.5, the department shall, after examining the return or returns filed by the employee in accordance with IC 6-3 and IC 6-3.5, refund the amount of the excess deduction. However, under rules promulgated by the department, the excess or any part thereof may be applied to any taxes or other claim due from the taxpayer to the state of Indiana or any subdivision thereof. No refund shall be made to an employee who fails to file ~~his~~ **the employee's** return or returns as required under IC 6-3 and IC 6-3.5 within two (2) years from the due date of the return or returns. In the event that the excess tax deducted is less than one dollar ($1), no refund shall be made.

(i) This section shall in no way relieve any taxpayer from ~~his~~ **the taxpayer's** obligation of filing a return or returns at the time required under IC 6-3 and IC 6-3.5, and, should the amount withheld under the provisions of this section be insufficient to pay the total tax of such taxpayer, such unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(j) Notwithstanding subsection (b), an employer of a domestic service employee that enters into an agreement with the domestic service employee to withhold federal income tax under Section 3402 of the Internal Revenue Code may withhold Indiana income tax on the domestic service employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(k) To the extent allowed by Section 1137 of the Social Security Act, an employer of a domestic service employee may report and remit state unemployment insurance contributions on the employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(l) **An employer is exempt from the withholding requirements of this section for an individual if the individual certifies to the employer, on forms prescribed by the department, that the individual's wages from the employer for the calendar year will:**

C o p y

(1) comprise more than eighty percent (80%) of the individual's Indiana total income (as defined in IC 6-3.1-21-3); and

(2) not exceed fifteen thousand dollars ($15,000).

(m) A person who knowingly fails to remit trust fund money as set forth in this section commits a Class D felony.

SECTION 107. IC 6-3.1-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter, the following terms have the following meanings:

(1) "Eligible teacher" means a teacher:

(A) certified in a shortage area by the professional standards board established by IC 20-1-1.4; and

(B) employed under contract during the regular school term by a school corporation in a shortage area.

(2) "Qualified position" means a position that:

(A) is relevant to the teacher's academic training in a shortage area; and

(B) has been approved by the Indiana state board of education under section 6 of this chapter.

(3) "Regular school term" means the period, other than the school summer recess, during which a teacher is required to perform duties assigned to him under a teaching contract.

(4) "School corporation" means any corporation authorized by law to establish public schools and levy taxes for their maintenance.

(5) "Shortage area" means the subject areas of mathematics and science and any other subject area designated as a shortage area by the Indiana state board of education.

(6) "State income tax liability" means a taxpayer's total income tax liability incurred under IC 6-2.1, ~~and~~ IC 6-3, **and IC 6-5.5,** as computed after application of credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

SECTION 108. IC 6-3.1-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. (a) A credit to which a taxpayer is entitled under this chapter shall be applied ~~in the following manner:~~

(1) First, against the taxpayer's gross income tax liability for the taxable year.

(2) Second, against the taxpayer's adjusted gross income tax liability for the taxable year.

~~(3) Third, against the taxpayer's supplemental net income tax liability for the taxable year.~~

(b) A taxpayer that is subject to the financial institutions tax may

C o p y

apply the credit provided by this chapter against the taxpayer's financial institutions tax liability for the taxable year.

SECTION 109. IC 6-3.1-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter:

"Base amount" means base amount (as defined in Section 41(c) of the Internal Revenue Code **as in effect on January 1, 2001).**

"Base period Indiana qualified research expense" means base period research expense that is incurred for research conducted in Indiana.

"Base period research expense" means base period research expense (as defined in Section 41(c) of the Internal Revenue Code before January 1, 1990).

"Indiana qualified research expense" means qualified research expense that is incurred for research conducted in Indiana.

"Qualified research expense" means qualified research expense (as defined in Section 41(b) of the Internal Revenue Code **as in effect on January 1, 2001).**

"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.

"Research expense tax credit" means a credit provided under this chapter against any tax otherwise due and payable under IC 6-2.1 or IC 6-3.

"Taxpayer" means an individual, a corporation, a limited liability company, a limited liability partnership, a trust, or a partnership.

SECTION 110. IC 6-3.1-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter:

"Base amount" means base amount (as defined in Section 41(c) of the Internal Revenue Code).

"Base period Indiana qualified research expense" means base period research expense that is incurred for research conducted in Indiana.

"Base period research expense" means base period research expense (as defined in Section 41(c) of the Internal Revenue Code before January 1, 1990).

"Indiana qualified research expense" means qualified research expense that is incurred for research conducted in Indiana.

"Qualified research expense" means qualified research expense (as defined in Section 41(b) of the Internal Revenue Code).

C o p y

"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.

"Research expense tax credit" means a credit provided under this chapter against any tax otherwise due and payable under ~~IC 6-2.1 or~~ IC 6-3.

"Taxpayer" means an individual, a corporation, a limited liability company, a limited liability partnership, a trust, or a partnership **that has any tax liability under IC 6-3 (adjusted gross income tax).**

SECTION 111. IC 6-3.1-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. ~~(a)~~ A taxpayer who incurs Indiana qualified research expense in a particular taxable year is entitled to a research expense tax credit for the taxable year

~~(b) A taxpayer who does not have income apportioned to this state for a taxable year under IC 6-3-2-2 is entitled to a research expense tax credit for the taxable year~~ in the amount of the product of:

(1) ~~five~~ **ten** percent ~~(5%);~~ **(10%);** multiplied by

(2) the remainder of the taxpayer's Indiana qualified research expenses for the taxable year, minus:

(A) the taxpayer's base period Indiana qualified research expenses, for taxable years beginning before January 1, 1990; or

(B) the taxpayer's base amount, for taxable years beginning after December 31, 1989.

~~(c) A taxpayer who has income apportioned to this state for a taxable year under IC 6-3-2-2 is entitled to a research expense tax credit for the taxable year in the amount of the lesser of:~~

~~(1) the amount determined under subsection (b); or~~

~~(2) five percent (5%) multiplied by the remainder of the taxpayer's total qualified research expenses for the taxable year, minus:~~

~~(A) the taxpayer's base period research expenses, for taxable years beginning before January 1, 1990; or~~

~~(B) the taxpayer's base amount, for taxable years beginning after December 31, 1989;~~

~~further multiplied by the percentage determined under IC 6-3-2-2 for the apportionment of the taxpayer's income for the taxable year to this state.~~

SECTION 112. IC 6-3.1-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) The amount

C o p y

of the credit provided by this chapter that a taxpayer uses during a particular taxable year may not exceed the sum of the taxes imposed by ~~IC 6-2.1 and~~ IC 6-3 for the taxable year 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. If the credit provided by this chapter exceeds that sum for the taxable year for which the credit is first claimed, then the excess may be carried over to succeeding taxable years and used as a credit against the tax otherwise due and payable by the taxpayer under ~~IC 6-2.1 or~~ IC 6-3 during those taxable years. Each time that the credit is carried over to a succeeding taxable year, it is to be reduced by the amount which was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for fifteen (15) taxable years following the unused credit year.

(b) A credit earned by a taxpayer in a particular taxable year shall be applied against the taxpayer's tax liability for that taxable year before any credit carryover is applied against that liability under subsection (a).

(c) A taxpayer is not entitled to any carryback or refund of any unused credit.

SECTION 113. IC 6-3.1-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. The provisions of Section 41 of the Internal Revenue Code **as in effect on January 1, 2001,** and the regulations promulgated in respect to those provisions **and in effect on January 1, 2001,** are applicable to the interpretation and administration by the department of the credit provided by this chapter, including the allocation and pass through of the credit to various taxpayers and the transitional rules for determination of the base period.

SECTION 114. IC 6-3.1-4-6, AS AMENDED BY P.L.4-2000, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. ~~Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for Indiana qualified research expense incurred after December 31, 2002.~~ Notwithstanding Section 41 of the Internal Revenue Code, the termination date in Section 41(h) of the Internal Revenue Code does not apply to a taxpayer who is eligible for the credit under this chapter for the taxable year in which the Indiana qualified research expense is incurred.

SECTION 115. IC 6-3.1-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. As used in this chapter:

"New partnership interest" means a general or a limited partnership

C o p y

interest in a limited partnership if the interest is acquired by the taxpayer from the limited partnership.

"New stock" means a share of stock of a corporation if the stock, when purchased by the taxpayer, is authorized but unissued.

"Qualified entity" means the state corporation or other corporation or limited partnership in which the state corporation purchases, before January 1, 1984, new stock or a new partnership interest under section 7(d) of this chapter.

"Qualified investment" means new stock or a new partnership interest in a qualified entity, if the new stock or the new partnership interest is purchased by the taxpayer solely for cash.

"State corporation" means the corporation organized under sections 7 and 8 of 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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and

~~(7)~~ **(4)** 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.

"Taxpayer" means any person, corporation, partnership, or other entity that has any state tax liability.

SECTION 116. IC 6-3.1-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. The state corporation is exempt from all state tax levies, including but not limited to the gross income tax (IC 6-2.1), state gross retail tax (IC 6-2.5), use tax (IC 6-2.5-3), **and** adjusted gross income tax (IC 6-3-1 through IC 6-3-7). ~~and the supplemental net income tax (IC 6-3-8).~~ However, the state corporation is not exempt from employment taxes or taxes imposed by a county or by a municipal corporation.

SECTION 117. IC 6-3.1-5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. (a) Except as provided in subsection (b), income that is received by a taxpayer **that is a corporation (as defined in IC 6-3-1-10)** by reason of ownership of a qualified investment is exempt from gross income tax (IC 6-2.1) **and** adjusted gross income tax (IC 6-3-1 through IC 6-3-7). ~~and supplemental net income tax (IC 6-3-8).~~

(b) The exemption provided under subsection (a) shall not apply to

C o p y

any income realized by reason of the sale or other disposition of the qualified investment.

SECTION 118. IC 6-3.1-5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. A taxpayer is exempt from a tax to the extent that the tax is based on or measured by a qualified investment, including but not limited to a tax which might otherwise be imposed with respect to the qualified investment. ~~under the bank tax (IC 6-5-10) or the savings and loan association tax (IC 6-5-11).~~

SECTION 119. IC 6-3.1-5-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 13. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) First, against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Second, against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

~~(3) Third, against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

~~(4) Fourth, against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.~~

~~(5) Fifth,~~ **(3) Third,** against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

(b) If the tax paid by the taxpayer under a tax provision listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

(c) A taxpayer that is subject to the financial institutions tax may apply the credit provided by this chapter against the taxpayer's financial institutions tax liability for the taxable year.

SECTION 120. IC 6-3.1-6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. The department shall apply a credit to which a taxpayer is entitled under this chapter in the following manner:

(1) First, against the taxpayer's gross income tax liability for the taxable year.

(2) Second, against the taxpayer's adjusted gross income tax liability for the taxable year.

~~(3) Third, against the taxpayer's supplemental net income tax liability for the taxable year.~~

C o p y

SECTION 121. IC 6-3.1-7-1, AS AMENDED BY P.L.120-1999, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter:

"Enterprise zone" means an enterprise zone created under IC 4-4-6.1.

"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.

"Qualified loan" means a loan made to an entity that uses the loan proceeds for:

(1) a purpose that is directly related to a business located in an enterprise zone;

(2) an improvement that increases the assessed value of real property located in an enterprise zone; or

(3) rehabilitation, repair, or improvement of a residence.

"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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and

~~(7)~~ **(4)** 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.

"Taxpayer" means any person, corporation, limited liability company, partnership, or other entity that has any state tax liability. The term includes a pass through entity.

SECTION 122. IC 6-3.1-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) First, against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Second, against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

C o p y

~~(3) Third, against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

~~(4) Fourth, against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.~~

~~(5) Fifth,~~ **(3) Third,** against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

(4) Fourth, against the taxpayer's financial institutions tax liability (IC 6-5.5) for the taxable year.

(b) If the tax paid by the taxpayer under a tax provision listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

SECTION 123. IC 6-3.1-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter:

"Business firm" means any business entity authorized to do business in the state of Indiana that ~~is:~~

~~(1) subject to the gross, adjusted gross, supplemental net income, or financial institutions tax;~~

~~(2) an employer exempt from adjusted gross income tax (IC 6-3-1 through IC 6-3-7) under IC 6-3-2-2.8(2); or~~

~~(3) a partnership.~~ **has state tax liability.**

"Community services" means any type of counseling and advice, emergency assistance, medical care, recreational facilities, housing facilities, or economic development assistance to individuals, groups, or neighborhood organizations in an economically disadvantaged area.

"Crime prevention" means any activity which aids in the reduction of crime in an economically disadvantaged area.

"Economically disadvantaged area" means an enterprise zone, or any area in Indiana that is certified as an economically disadvantaged area by the department of commerce after consultation with the community services agency. The certification shall be made on the basis of current indices of social and economic conditions, which shall include but not be limited to the median per capita income of the area in relation to the median per capita income of the state or standard metropolitan statistical area in which the area is located.

"Education" means any type of scholastic instruction or scholarship assistance to an individual who resides in an economically disadvantaged area that enables him to prepare himself for better life opportunities.

C o p y

"Enterprise zone" means an enterprise zone created under IC 4-4-6.1.

"Job training" means any type of instruction to an individual who resides in an economically disadvantaged area that enables him to acquire vocational skills so that he can become employable or be able to seek a higher grade of employment.

"Neighborhood assistance" means either:

(1) furnishing financial assistance, labor, material, and technical advice to aid in the physical or economic improvement of any part or all of an economically disadvantaged area; or

(2) furnishing technical advice to promote higher employment in any neighborhood in Indiana.

"Neighborhood organization" means any organization, including but not limited to a nonprofit development corporation:

(1) performing community services in an economically disadvantaged area; and

(2) holding a ruling:

(A) from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of the Internal Revenue Code; and

(B) from the department of state revenue that the organization is exempt from income taxation under IC 6-2.1-3-20.

"Person" means any individual subject to Indiana gross or adjusted gross income tax.

"State fiscal year" means a twelve (12) month period beginning on July 1 and ending on June 30.

"State tax liability" means the 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 (the adjusted gross income tax); and

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

as computed after the application of the credits that, under IC6-3.1-1-2, are to be applied before the credit provided by this chapter.

"Tax credit" means a deduction from any tax otherwise due and payable under IC 6-2.1, IC 6-3, or IC 6-5.5.

SECTION 124. IC 6-3.1-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) Subject to the limitations provided in subsection (b) and sections 4, 5, and 6 of this chapter, the department shall grant a tax credit against any ~~gross,~~

C o p y

~~adjusted gross or supplemental net income~~ **state** tax **liability** due equal to fifty percent (50%) of the amount invested by a business firm or person in a program the proposal for which was approved under section 2 of this chapter.

(b) The credit provided by this chapter shall only be applied against any ~~income~~ **state** tax liability owed by the taxpayer after the application of any credits, which under IC 6-3.1-1-2 must be applied before the credit provided by this chapter. In addition, the tax credit which a taxpayer receives under this chapter may not exceed twenty-five thousand dollars ($25,000) for any taxable year of the taxpayer.

(c) If a business firm that is:

(1) exempt from adjusted gross income tax (IC 6-3-1 through IC 6-3-7) under IC 6-3-2-2.8(2); or

(2) a partnership;

does not have any tax liability against which the credit provided by this section may be applied, a shareholder or a partner of the business firm is entitled to a credit against the shareholder's or the partner's liability under the adjusted gross income tax.

(d) The amount of the credit provided by this section is equal to:

(1) the tax credit determined for the business firm for the taxable year under subsection (a); multiplied by

(2) the percentage of the business firm's distributive income to which the shareholder or the partner is entitled.

The credit provided by this section is in addition to any credit to which a shareholder or partner is otherwise entitled under this chapter. However, a business firm and a shareholder or partner of that business firm may not claim a credit under this chapter for the same investment.

SECTION 125. IC 6-3.1-11-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 12. As used in this chapter, "state tax liability" means the 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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and

~~(7)~~ **(4)** 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.

SECTION 126. IC 6-3.1-11-22 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 22. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) Against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

~~(3) Against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

~~(4) Against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.~~

~~(5)~~ **(3)** Against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

~~(6)~~ **(4)** Against the taxpayer's financial institutions tax (IC 6-5.5) for the taxable year.

(b) Whenever the tax paid by the taxpayer under any of the tax provisions listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

SECTION 127. IC 6-3.1-11.5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. As used in this chapter, "state tax liability" means the 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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and

~~(7)~~ **(4)** 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.

SECTION 128. IC 6-3.1-11.5-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 24. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) Against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

C o p y

~~(3) Against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

~~(4) Against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.~~

~~(5)~~ **(3)** Against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

~~(6)~~ **(4)** Against the taxpayer's financial institutions tax (IC 6-5.5) for the taxable year.

(b) Whenever the tax paid by the taxpayer under any of the tax provisions listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

SECTION 129. IC 6-3.1-13-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. 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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and

~~(7)~~ **(4)** 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.

SECTION 130. 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 131. IC 6-3.1-13-15 IS AMENDED TO READ AS

C o p y

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 132. 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

C o p y

with respect to the project.

(8) The financial assistance that is otherwise provided by Indiana and the affected political subdivisions.

SECTION 133. 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.

SECTION 134. IC 6-3.1-13.5-4, AS ADDED BY P.L.291-2001, SECTION 177, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: 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 (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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and

~~(7)~~ **(4)** 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.

SECTION 135. IC 6-3.1-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. The department of state revenue shall apply a credit to which a taxpayer is entitled under this chapter in the following manner:

(1) First, against the taxpayer's gross income tax liability (IC 6-2.1-1) for the taxable year.

(2) Second, ~~against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

C o p y

~~(3) Third,~~ against the taxpayer's adjusted gross income liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

SECTION 136. IC 6-3.1-15-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability 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)~~ **(3)** IC 6-5.5 (the financial institutions tax); and

~~(7)~~ **(4)** IC 27-1-18-2 (the 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.

SECTION 137. IC 6-3.1-16-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under

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

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

~~(3) IC 6-3-8 (the supplemental net 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.

SECTION 138. IC 6-3.1-17-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. 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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax);

~~(7)~~ **(4)** IC 6-5.5 (the financial institutions tax); and

~~(8)~~ **(5)** IC 6-2.5 (state gross retail and use 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.

SECTION 139. IC 6-3.1-18-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under:

C o p y

(1) IC 6-2.1 (the gross income tax);
(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax); **and**
~~(3) IC 6-3-8 (the supplemental corporate net income tax); and~~
~~(4)~~ **(3)** IC 6-5.5 (the financial institutions 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.

SECTION 140. IC 6-3.1-18-6, AS AMENDED BY P.L.4-1999, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) Subject to the limitations provided in subsection (b) and sections 7, 8, 9, 10, and 11 of this chapter, the department shall grant a tax credit against any ~~gross, adjusted gross or supplemental net income~~ **state** tax **liability** due equal to fifty percent (50%) of the amount contributed by a person or an individual to a fund if the contribution is not less than one hundred dollars ($100) and not more than fifty thousand dollars ($50,000).

(b) The credit provided by this chapter shall only be applied against any ~~income~~ **state** tax liability owed by the taxpayer after the application of any credits that under IC 6-3.1-1-2 must be applied before the credit provided by this chapter.

SECTION 141. IC 6-3.1-19-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter, "state and local tax liability" means a taxpayer's total tax liability 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)~~ **(3)** IC 6-3.5-1.1 (county adjusted gross income tax);
~~(5)~~ **(4)** IC 6-3.5-6 (county option income tax);
~~(6)~~ **(5)** IC 6-3.5-7 (county economic development income tax);
~~(7) IC 6-5-10 (the bank tax);~~
~~(8) IC 6-5-11 (the savings and loan association tax);~~
~~(9)~~ **(6)** IC 6-5.5 (the financial institutions tax); and
~~(10)~~ **(7)** IC 27-1-18-2 (the insurance premiums 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.

SECTION 142. IC 6-3.1-21-6, AS ADDED BY P.L.273-1999, SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. ~~The~~ **(a) An individual who is eligible for an earned income tax credit under Section 32 of the Internal Revenue Code is eligible for a** credit ~~authorized~~ under ~~section 5 of~~ this chapter ~~is~~ equal to ~~three and four-tenths~~ **eight** percent

C o p y

~~(3.4%)~~ **(8%)** of ~~(1) twelve thousand dollars ($12,000); minus (2)~~ the amount of the ~~individual's Indiana total income.~~ **federal earned income tax credit that the individual:**

(1) is eligible to receive in the taxable year; and

(2) claimed for the taxable year;

under Section 32 of the Internal Revenue Code.

(b) If the credit amount exceeds the taxpayer's adjusted gross income tax liability for the taxable year, the excess shall be refunded to the taxpayer.

SECTION 143. IC 6-3.1-22.2-3, AS ADDED BY P.L.291-2001, SECTION 149, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. 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 6-2.5 (state gross retail and use tax);

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

~~(4) IC 6-3-8 (the supplemental corporate net income tax);~~

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

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

~~(7)~~ **(4)** IC 6-5.5 (the financial institutions tax); and

~~(8)~~ **(5)** IC 27-1-18-2 (the 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.

SECTION 144. IC 6-3.1-23-4, AS ADDED BY P.L.109-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under:

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

(2) IC 6-2.5 (the state gross retail and use tax);

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

~~(4) IC 6-3-8 (the supplemental net income tax);~~

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

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

~~(7)~~ **(4)** IC 6-5.5 (the financial institutions tax); and

~~(8)~~ **(5)** IC 27-1-18-2 (the 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.

SECTION 145. IC 6-3.1-23.8-1.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 1.7. As used in this chapter, "inventory" has the meaning set forth in IC 6-1.1-3-11.**

C o p y

SECTION 146. IC 6-3.1-23.8-4, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: 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)~~ **(3)** IC 6-5.5 (financial institutions tax); and

~~(5)~~ **(4)** 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.

SECTION 147. IC 6-3.1-23.8-6, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) Except as provided in this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the net ad valorem property taxes paid by the taxpayer in the taxable year on business personal property. ~~with an assessed value equal to the lesser of:~~

~~(1) the assessed value of the person's business personal property; or~~

~~(2) an assessed value of thirty-seven thousand five hundred dollars ($37,500).~~

A taxpayer is entitled to only one (1) credit under this chapter each taxable year.

(b) An affiliated group that files a consolidated return under ~~IC 6-2.1-5-5~~ **IC 6-3-4-14** is entitled to only one (1) credit under this chapter each taxable year on that consolidated return. A taxpayer that is a partnership, joint venture, or pool is entitled to only one (1) credit under this chapter each taxable year, regardless of the number of partners or participants in the organization.

(c) A utility company is not entitled to claim the credit under this chapter.

SECTION 148. IC 6-3.1-23.8-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 6.5. The amount of the credit to which a taxpayer is entitled under section 6 of this chapter equals the amount determined in STEP EIGHT of the following formula:**

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

C o p y

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.

SECTION 149. IC 6-3.1-23.8-7, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. If the amount of the credit determined under section ~~7~~ **6.5** 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.

SECTION 150. IC 6-3.1-24 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 24. Investment Tax Credit

Sec. 1. As used in this chapter, "assessed value" means the assessed value determined under IC 6-1.1-3.

Sec. 2. As used in this chapter, "business personal property" means tangible property (other than real property) that:

(1) was first reported by the taxpayer on a personal property

C o p y

tax return filed for the assessment date of 2002 or a later year;

(2) was never before used by the taxpayer for any purpose in Indiana;

(3) was acquired in a bona fide, good faith transaction, negotiated at arm's length, between parties under separate ownership and control; and

(4) is being held or used in connection with the production of income and is property for which depreciation is allowed for federal income tax purposes, with a useful life of at least three (3) years.

The term does not include inventory (as defined in IC 6-1.1-3-11).

Sec. 3. As used in this chapter, "net ad valorem property taxes" means the amount of property taxes paid by a taxpayer for a particular calendar year after the application of all property tax deductions and property tax credits.

Sec. 4. 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 trust;

(4) a limited liability company; or

(5) a limited liability partnership.

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

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

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

(3) 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. 6. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 7. (a) Except as provided in this chapter, a taxpayer that purchases business personal property is entitled to a credit against the taxpayer's state tax liability for a taxable year for the net ad valorem property taxes on that property paid by the taxpayer by the installment due date under IC 6-1.1-22-9 in the taxable year with respect to the first or second assessment date the property is subject to assessment under IC 6-1.1. The amount of the credit is determined as follows:

(1) For a taxable year in which the property tax is paid with

C o p y

respect to the first assessment date the property is subject to assessment under IC 6-1.1, the credit is equal to fifteen percent (15%) of the net ad valorem property taxes paid on the property in that taxable year.

(2) For a taxable year in which the property tax is paid with respect to the second assessment date the property is subject to assessment under IC 6-1.1, the credit is equal to ten percent (10%) of the net ad valorem property taxes paid on the property in that year.

(b) A taxpayer that receives a credit for a qualified investment under IC 6-3.1-13.5 is not entitled to a credit under this chapter for ad valorem property taxes paid on the property that constitutes the qualified investment.

(c) A taxpayer that receives a credit for ad valorem property taxes under IC 6-3.1-22.2 is not entitled to a credit under this chapter for personal property with respect to which a credit was granted under IC 6-3.1-22.2.

Sec. 8. If the amount of the credit determined under section 7 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the excess shall be refunded to the taxpayer.

Sec. 9. 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.

Sec. 10. (a) To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of payment of an ad valorem property tax and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

(b) If the department determines that property taxes for which a credit was granted under this chapter have been reduced, the department shall make an assessment against the taxpayer under IC 6-8.1 equal to the difference between:

(1) the amount of the credit that was granted under this chapter; and

C o p y

(2) the amount of the credit that would have been granted under this chapter if the property tax reduction had been in effect at the time the credit was granted under this chapter.

SECTION 151. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 25. Headquarters Relocation Tax Credit

Sec. 1. As used in this chapter, "corporate headquarters" means the building or buildings where:

(1) the principal offices of the principal executive officers of an eligible business are located; and

(2) at least two hundred fifty (250) employees are employed.

Sec. 2. As used in this chapter, "eligible business" means a business that:

(1) is engaged in either interstate or intrastate commerce;

(2) maintains a corporate headquarters in a state other than Indiana as of January 1, 2003;

(3) had annual worldwide revenues of at least twenty-five billion dollars ($25,000,000,000) for the year immediately preceding the business's application for a tax credit under section 12 of this chapter; and

(4) is prepared to commit contractually to relocating its corporate headquarters to Indiana.

Sec. 3. 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. 4. As used in this chapter, "qualifying project" means the relocation of the corporate headquarters of an eligible business from a location outside Indiana to a location in Indiana.

Sec. 5. As used in this chapter, "relocation costs" means the reasonable and necessary expenses incurred by an eligible business for a qualifying project. The term includes:

(1) moving costs and related expenses;

(2) the purchase of new or replacement equipment;

(3) capital investment costs; and

(4) property assembly and development costs, including:

(A) the purchase, lease, or construction of buildings and land;

(B) infrastructure improvements; and

C o p y

(C) site development costs.

The term does not include any costs that do not directly result from the relocation of the business to a location in Indiana.

Sec. 6. 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 6-2.5 (state gross retail and use tax);
(3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
(4) IC 6-3-8 (the supplemental corporate net income tax);
(5) IC 6-5-10 (the bank tax);
(6) IC 6-5-11 (the savings and loan association tax);
(7) IC 6-5.5 (the financial institutions tax); and
(8) IC 27-1-18-2 (the 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. 7. As used in this chapter, "taxpayer" means an individual or entity that has any state tax liability.

Sec. 8. A taxpayer that:

(1) is an eligible business;
(2) completes a qualifying project; and
(3) incurs relocation costs;

is entitled to a credit against the person's state tax liability for the taxable year in which the relocation costs are incurred. The credit allowed under this section is equal to the amount determined under section 9 of this chapter.

Sec. 9. (a) Subject to subsection (b), the amount of the credit to which a taxpayer is entitled under section 8 of this chapter equals the product of:

(1) fifty percent (50%); multiplied by
(2) the amount of the taxpayer's relocation costs in the taxable year.

(b) The credit to which a taxpayer is entitled under section 8 of this chapter may not reduce the taxpayer's state tax liability below the amount of the taxpayer's state tax liability in the taxable year immediately preceding the taxable year in which the taxpayer first incurred relocation costs.

Sec. 10. If a pass through entity is entitled to a credit under section 8 of this chapter but does not have state tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

C o p y

(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, partner, or member is entitled.

Sec. 11. The total value of a tax credit under this chapter shall be divided equally over ten (10) years, beginning with the year in which the credit is granted. If the amount of credit provided under 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 subsequent 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.

Sec. 12. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of the taxpayer's relocation costs and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

Sec. 13. In determining whether an expense of the eligible business directly resulted from the relocation of the business, the department shall consider whether the expense would likely have been incurred by the eligible business if the business had not relocated from its original location.

SECTION 152. 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

C o p y

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

C o p y

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 153. 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

C o p y

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

C o p y

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:

C o p y

(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:

C o p y

(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

C o p y

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

C o p y

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

C o p y

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.

SECTION 155. IC 6-3.5-1.1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. (a) In determining the amount of property tax replacement credits civil taxing units and school corporations of a county are entitled to receive during a calendar year, the state board of tax commissioners shall consider only property taxes imposed on tangible property that was assessed in that county.

(b) If a civil taxing unit or a school corporation is located in more than one (1) county and receives property tax replacement credits from one (1) or more of the counties, then the property tax replacement credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.

(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(d) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its general fund, debt service fund, capital projects fund, transportation fund, **school bus replacement fund,** and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-19. A school corporation shall allocate the property tax replacement credits described in this subsection to all five (5) funds in proportion to the levy for each fund.

SECTION 156. IC 6-3.5-1.1-15, AS AMENDED BY P.L.283-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) As used in this section, "attributed levy" of a civil taxing unit means the sum of:

(1) the ad valorem property tax levy of the civil taxing unit that is currently being collected at the time the allocation is made; plus

C o p y

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5; plus

(4) in the case of a county, an amount equal to

~~(A) The property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. plus~~

(B) ~~after December 31, 2002, the greater of zero (0) or the difference between:~~

~~(i) the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3; minus~~

~~(ii) the current uninsured parents program property tax levy imposed by the county.~~ **the sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a percentage of the certified shares to be distributed in the county equal to the ratio of its attributed levy to the total attributed levies of all civil taxing units of the county.

(c) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated

C o p y

as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy.

SECTION 157. IC 6-3.5-2-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. The following persons are exempt from the employment tax:

(1) the United States;
(2) an agency of the United States;
(3) this state;
(4) an agency of this state;
(5) a political subdivision of this state; and
(6) a taxpayer described in ~~IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, and IC 6-2.1-3-22.~~ **IC 6-2.5-5-21(b)(1).**

However, employees of such persons are not exempt from the employment tax.

SECTION 158. IC 6-3.5-6-17.6, AS AMENDED BY P.L.283-2001, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 17.6. (a) This section applies to a county containing a consolidated city.

(b) On or before July 15 of each year, the budget agency shall make the following calculation:

STEP ONE: Determine the cumulative balance in a county's account established under section 16 of this chapter as of the end of the current calendar year.

STEP TWO: Divide the amount estimated under section 17(b) of this chapter before any adjustments are made under section 17(c) or 17(d) of this chapter by twelve (12).

STEP THREE: Multiply the STEP TWO amount by three (3).

STEP FOUR: Subtract the amount determined in STEP THREE from the amount determined in STEP ONE.

(c) For 1995, the budget agency shall certify the STEP FOUR amount to the county auditor on or before July 15, 1994. Not later than January 31, 1995, the auditor of state shall distribute the STEP FOUR amount to the county auditor to be used to retire outstanding obligations for a qualified economic development tax project (as defined in IC 36-7-27-9).

(d) After 1995, the STEP FOUR amount shall be distributed to the county auditor in January of the ensuing calendar year. The STEP FOUR amount shall be distributed by the county auditor to the civil

C o p y

taxing units within thirty (30) days after the county auditor receives the distribution. Each civil taxing unit's share equals the STEP FOUR amount multiplied by the quotient of:

(1) the maximum permissible property tax levy under IC 6-1.1-18.5 for the civil taxing unit, plus, for a county, an amount equal to

~~(A) the property taxes imposed by the county in 1999 for the county's welfare administration fund; plus~~

~~(B) after December 31, 2002, the greater of zero (0) or the difference between:~~

~~(i) the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3; minus~~

~~(ii) the current uninsured parents program property tax levy imposed by the county;~~ **the sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44;** divided by

(2) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all civil taxing units of the county, plus an amount equal to

~~(A)~~ the ~~property taxes imposed by the county in 1999 for the county's welfare administration fund; plus~~

~~(B) after December 31, 2002, the greater of zero (0) or the difference between:~~

~~(i) the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the state average assessed value growth quotient described in IC 12-16-14-3; minus~~

~~(ii) the current uninsured parents program property tax levy imposed by the county.~~

sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.

SECTION 159. IC 6-3.5-6-18, AS AMENDED BY P.L.283-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

C o p y

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

(4) make payments permitted under IC 36-7-15.1-17.5;

(5) make payments permitted under subsection (i); and

(6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

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

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

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

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

(2) A fraction **determined as follows:**

(A) The numerator of the fraction equals the total property taxes that are first due and payable to the civil taxing unit during the calendar year in which the month falls; plus for a county, an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under**

C o p y

IC 6-1.1-44.

(B) The denominator of the fraction equals the sum of the total property taxes that are first due and payable to all civil taxing units of the county during the calendar year in which the month falls, plus an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund, and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

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

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

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

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

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

C o p y

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

SECTION 160. IC 6-3.5-6-18.5, AS AMENDED BY P.L.283-2001, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 18.5. (a) This section applies to a county containing a consolidated city.

(b) Notwithstanding section 18(e) of this chapter, the distributive shares that each civil taxing unit in a county containing a consolidated city is entitled to receive during a month equals the following:

(1) For the calendar year beginning January 1, 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month multiplied by the following factor:

Center Township	.0251
Decatur Township	.00217
Franklin Township	.0023
Lawrence Township	.01177
Perry Township	.01130
Pike Township	.01865
Warren Township	.01359
Washington Township	.01346
Wayne Township	.01307
Lawrence-City	.00858
Beech Grove	.00845
Southport	.00025
Speedway	.00722
Indianapolis/Marion County	.86409

(2) Notwithstanding subdivision (1), for the calendar year beginning January 1, 1995, the distributive shares for each civil taxing unit in a county containing a consolidated city shall be not less than the following:

Center Township	$1,898,145
Decatur Township	$164,103
Franklin Township	$173,934
Lawrence Township	$890,086
Perry Township	$854,544
Pike Township	$1,410,375
Warren Township	$1,027,721

C o p y

Washington Township	$1,017,890
Wayne Township	$988,397
Lawrence-City	$648,848
Beech Grove	$639,017
Southport	$18,906
Speedway	$546,000

(3) For each year after 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month as follows:

STEP ONE: Determine the total amount of revenues that were distributed as distributive shares during that month in calendar year 1995.

STEP TWO: Determine the total amount of revenue that the department has certified as distributive shares for that month under section 17 of this chapter for the calendar year.

STEP THREE: Subtract the STEP ONE result from the STEP TWO result.

STEP FOUR: If the STEP THREE result is less than or equal to zero (0), multiply the STEP TWO result by the ratio established under subdivision (1).

STEP FIVE: Determine the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 and IC 6-1.1-18.6 for each civil taxing unit for the calendar year in which the month falls, plus, for a county an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county;~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44;** divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 and IC 6-1.1-18.6 for all civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and after December 31,~~

C o p y

~~2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the ratio established under subdivision (1).

STEP SEVEN: For each taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the ratio established under subdivision (1). The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 and IC 6-1.1-18.6 for the qualifying civil taxing unit during the calendar year in which the month falls, plus, for a county an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county;~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44;** divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 and IC 6-1.1-18.6 for all qualifying civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the ~~property taxes~~

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~~imposed by the county in 1999 for the county's welfare fund and welfare administration fund and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

SECTION 161. IC 6-3.5-7-12, AS AMENDED BY P.L.283-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 12. (a) Except as provided in section 23 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and section 15 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) For a county, an amount equal to

~~(i)~~ the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; plus (ii) after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the ~~property taxes~~

C o p y

~~imposed by the county in 1999 for the county's welfare fund and welfare administration fund, and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

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

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

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

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

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

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

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

(1) The county.

(2) A city or town in the county.

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

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

C o p y

this section.

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

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the state board of tax commissioners shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of section 15 of this chapter.

SECTION 162. IC 6-3.5-7-23, AS ADDED BY P.L.124-1999, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 23. (a) This section applies only to a county having a population of at least forty-five thousand (45,000) but not more than forty-seven thousand (47,000).

(b) The county council may by ordinance determine that, in order to promote the development of libraries in the county and thereby encourage economic development, it is necessary to use economic development income tax revenue to replace library property taxes in the county. However, a county council may adopt an ordinance under this subsection only if all territory in the county is included in a library district.

(c) If the county council makes a determination under subsection (b), the county council may designate the county economic development income tax revenue generated by the tax rate adopted under section 5 of this chapter, or revenue generated by a portion of the tax rate, as revenue that will be used to replace public library property taxes imposed by public libraries in the county. The county council may not designate for library property tax replacement purposes any county economic development income tax revenue that is generated by a tax rate of more than fifteen-hundredths percent (0.15%).

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

(e) The amount of county economic development income tax revenue dedicated to providing library property tax replacement credits

C o p y

shall, in the manner prescribed in this section, be allocated to public libraries operating in the county and shall be used by those public libraries as property tax replacement credits. The amount of property tax replacement credits that each public library in the county is entitled to receive during a calendar year under this section equals the lesser of:

(1) the product of:

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

(B) a fraction described as follows:

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

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

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

The ~~state board of tax commissioners~~ **department of local government finance** shall make any adjustments necessary to account for the expansion of a library district. However, a public library is eligible to receive property tax replacement credits under this section only if it has entered into reciprocal borrowing agreements with all other public libraries in the county. If the total amount of county economic development income tax revenue deposited by the county auditor in the library property tax replacement fund for a calendar year exceeds the total property tax liability that would otherwise be imposed for public libraries in the county for the year, the excess shall remain in the library property tax replacement fund and shall be used for library property tax replacement purposes in the following calendar year.

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

C o p y

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

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

If for a calendar year a public library is allocated a part of the property tax replacement credits under this subsection, then the amount of property tax credits distributed to other public libraries in the county for the calendar year shall be reduced by the amount to be distributed as property tax replacement credits under this subsection. The ~~state board of tax commissioners~~ **department of local government finance** shall make any adjustments required by this subsection and provide the adjustments to the county auditor.

(g) The ~~state board of tax commissioners~~ **department of local government finance** shall inform the county auditor of the amount of property tax replacement credits that each public library in the county is entitled to receive under this section. The county auditor shall certify to each public library the amount of property tax replacement credits that the public library is entitled to receive during that calendar year. The county auditor shall also certify these amounts to the county treasurer.

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

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

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

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

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

STEP THREE: Divide the STEP ONE amount by the STEP TWO amount.

However, if a public library did not impose a property tax levy during the previous calendar year or did not impose a property tax levy for a

C o p y

particular fund during the previous calendar year, but the public library is imposing a property tax levy in the current calendar year or is imposing a property tax levy for the particular fund in the current calendar year, the ~~state board of tax commissioners~~ **department of local government finance** shall adjust the amount of property tax replacement credits allocated among the various funds of the public library and shall provide the adjustment to the county auditor. If a public library receiving property tax replacement credits under this section does not impose a property tax levy for a particular fund that is first due and payable in a calendar year in which the property tax replacement credits are being distributed, the public library is not required to allocate to that fund a part of the property tax replacement credits to be distributed to the public library.

(i) For each public library that receives property tax credits under this section, the ~~state board of tax commissioners~~ **department of local government finance** shall certify to the county auditor the property tax rate applicable to each fund after the property tax replacement credits are allocated.

(j) A public library shall treat property tax replacement credits received during a particular calendar year under this section as a part of the public library's property tax levy for each fund for that same calendar year for purposes of fixing the public library's budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(k) The property tax replacement credits that are received under this section do not reduce the total county tax levy that is used to compute the state property tax replacement credit under IC 6-1.1-21. For the purpose of computing and distributing certified distributions under IC 6-3.5-1.1 and tax revenue under ~~IC 6-5-10, IC 6-5-11, IC 6-5-12,~~ IC 6-5.5 or IC 6-6-5, the property tax replacement credits that are received under this section shall be treated as though they were property taxes that were due and payable during that same calendar year.

SECTION 163. IC 6-5.5-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 2. (a) Except as provided in subsections (b) through (d), "adjusted gross income" means taxable income as defined in Section 63 of the Internal Revenue Code, adjusted as follows:

(1) Add the following amounts:

(A) An amount equal to a deduction allowed or allowable under Section 166, Section 585, or Section 593 of the Internal Revenue Code.

(B) An amount equal to a deduction allowed or allowable under

C o p y

Section 170 of the Internal Revenue Code.

(C) An amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by a state of the United States or levied at the local level by any subdivision of a state of the United States.

(D) The amount of interest excluded under Section 103 of the Internal Revenue Code or under any other federal law, minus the associated expenses disallowed in the computation of taxable income under Section 265 of the Internal Revenue Code.

(E) An amount equal to the deduction allowed under Section 172 or 1212 of the Internal Revenue Code for net operating losses or net capital losses.

(F) For a taxpayer that is not a large bank (as defined in Section 585(c)(2) of the Internal Revenue Code), an amount equal to the recovery of a debt, or part of a debt, that becomes worthless to the extent a deduction was allowed from gross income in a prior taxable year under Section 166(a) of the Internal Revenue Code.

(G) For taxable years beginning after December 31, 2001, and before January 1, 2004, add an amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes on property levied by a state or subdivision of a state of the United States.

(2) Subtract the following amounts:

(A) Income that the United States Constitution or any statute of the United States prohibits from being used to measure the tax imposed by this chapter.

(B) Income that is derived from sources outside the United States, as defined by the Internal Revenue Code.

(C) An amount equal to a debt or part of a debt that becomes worthless, as permitted under Section 166(a) of the Internal Revenue Code.

(D) An amount equal to any bad debt reserves that are included in federal income because of accounting method changes required by Section 585(c)(3)(A) or Section 593 of the Internal Revenue Code.

(b) In the case of a credit union, "adjusted gross income" for a taxable year means the total transfers to undivided earnings minus dividends for that taxable year after statutory reserves are set aside

C o p y

under IC 28-7-1-24.

(c) In the case of an investment company, "adjusted gross income" means the company's federal taxable income multiplied by the quotient of:

(1) the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of Indiana; divided by

(2) the total amount of gross payments collected during the taxable year by the company from the business upon investment contracts issued by the company and held by persons residing within Indiana and elsewhere.

(d) As used in subsection (c), "investment company" means a person, copartnership, association, limited liability company, or corporation, whether domestic or foreign, that:

(1) is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and

(2) solicits or receives a payment to be made to itself and issues in exchange for the payment:

(A) a so-called bond;

(B) a share;

(C) a coupon;

(D) a certificate of membership;

(E) an agreement;

(F) a pretended agreement; or

(G) other evidences of obligation;

entitling the holder to anything of value at some future date, if the gross payments received by the company during the taxable year on outstanding investment contracts, plus interest and dividends earned on those contracts (by prorating the interest and dividends earned on investment contracts by the same proportion that certificate reserves (as defined by the Investment Company Act of 1940) is to the company's total assets) is at least fifty percent (50%) of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year. The term "investment contract" means an instrument listed in clauses (A) through (G).

SECTION 164. IC 6-5.5-8-2, AS AMENDED BY P.L.273-1999, SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) On or before February 1, May 1, August 1, and December 1 of each year the auditor of state shall

C o p y

transfer to each county auditor for distribution to the taxing units (as defined in IC 6-1.1-1-21) in the county, an amount equal to one-fourth (1/4) of the sum of the guaranteed amounts for all the taxing units of the county. On or before August 1 of each year the auditor of state shall transfer to each county auditor the supplemental distribution for the county for the year.

(b) For purposes of determining distributions under subsection ~~(b),~~ **(c),** the ~~state board of tax commissioners~~ **department of local government finance** shall determine a ~~state welfare~~ **total levy miscellaneous tax** allocation for each county calculated as ~~follows:~~

~~(1) For 2000 and each year thereafter, the state welfare allocation for each county equals the greater of zero (0) or the amount determined under the following formula:~~

~~STEP ONE: For 1997, 1998, and 1999, determine the result of:~~

~~(A) the amounts appropriated by the county in the year for the county's county welfare fund and county welfare administration fund; divided by~~

~~(B) the amounts appropriated by all the taxing units in the county in the year;~~

~~STEP TWO: Determine the sum of the results determined in STEP ONE.~~

~~STEP THREE: Divide the STEP TWO result by three (3).~~

~~STEP FOUR: Determine the amount that would otherwise be distributed to all the taxing units in the county under subsection (b) without regard to this subdivision.~~

~~STEP FIVE: Determine the result of:~~

~~(A) the STEP FOUR amount; multiplied by~~

~~(B) the STEP THREE result.~~

~~(2)~~ **provided in IC 6-1.1-44.** The ~~state welfare~~ **total levy miscellaneous tax** allocation shall be deducted from the distributions otherwise payable under subsection ~~(b)~~ **(c)** to the taxing unit that is a county and shall be deposited in a special account within the state general fund.

~~(b)~~ **(c)** A taxing unit's guaranteed distribution for a year is the greater of zero (0) or an amount equal to:

(1) the amount received by the taxing unit under IC 6-5-10 **(repealed)** and IC 6-5-11 **(repealed)** in 1989; minus

(2) the amount to be received by the taxing unit in the year of the distribution, as determined by the ~~state board of tax commissioners,~~ **department of local government finance,** from property taxes attributable to the personal property of banks, exclusive of the property taxes attributable to personal property

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leased by banks as the lessor where the possession of the personal property is transferred to the lessee; minus

(3) in the case of a taxing unit that is a county, the amount that would have been received by the taxing unit in the year of the distribution, as determined by the ~~state board of tax commissioners,~~ **department of local government finance,** from property taxes that:

(A) were calculated for the county's county welfare fund and county welfare administration fund for 2000 but were not imposed because of the repeal of IC 12-19-3 and IC 12-19-4; and

(B) would have been attributable to the personal property of banks, exclusive of the property taxes attributable to personal property leased by banks as the lessor where the possession of the personal property is transferred to the lessee.

~~(c)~~ **(d)** The amount of the supplemental distribution for a county for a year shall be determined using the following formula:

STEP ONE: Determine the greater of zero (0) or the difference between:

(A) one-half (1/2) of the taxes that the department estimates will be paid under this article during the year; minus

(B) the sum of all the guaranteed distributions, before the subtraction of all ~~state welfare~~ **total county levy miscellaneous tax** allocations under subsection (a),

for all taxing units in all counties plus the bank personal property taxes to be received by all taxing units in all counties, as determined under subsection ~~(b)(2)~~ **(c)(2)** for the year.

STEP TWO: Determine the quotient of:

(A) the amount received under IC 6-5-10 **(repealed)** and IC 6-5-11 **(repealed)** in 1989 by all taxing units in the county; divided by

(B) the sum of the amounts received under IC 6-5-10 **(repealed)** and IC 6-5-11 **(repealed)** in 1989 by all taxing units in all counties.

STEP THREE: Determine the product of:

(A) the amount determined in STEP ONE; multiplied by

(B) the amount determined in STEP TWO.

STEP FOUR: Determine the greater of zero (0) or the difference between:

(A) the amount of supplemental distribution determined in STEP THREE for the county; minus

(B) the amount of refunds granted under IC 6-5-10-7

C o p y

(**repealed)** that have yet to be reimbursed to the state by the county treasurer under IC 6-5-10-13 **(repealed).**

For the supplemental distribution made on or before August 1 of each year, the department shall adjust the amount of each county's supplemental distribution to reflect the actual taxes paid under this article for the preceding year.

~~(d)~~ **(e)** Except as provided in subsection ~~(f),~~ **(g),** the amount of the supplemental distribution for each taxing unit shall be determined using the following formula:

STEP ONE: Determine the quotient of:

(A) the amount received by the taxing unit under IC 6-5-10 and IC 6-5-11 in 1989; divided by

(B) the sum of the amounts used in STEP ONE (A) for all taxing units located in the county.

STEP TWO: Determine the product of:

(A) the amount determined in STEP ONE; multiplied by

(B) the supplemental distribution for the county, as determined in subsection (c), STEP FOUR.

~~(e)~~ **(f)** The county auditor shall distribute the guaranteed and supplemental distributions received under subsection (a) to the taxing units in the county at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units.

~~(f)~~ **(g)** The amount of a supplemental distribution paid to a taxing unit that is a county shall be reduced by an amount equal to:

(1) the amount the county would receive under subsection (d) without regard to this subsection; minus

(2) an amount equal to:

(A) the amount under subdivision (1); multiplied by

(B) the ~~result of the following:~~

~~(I) Determine the amounts appropriated by the county in 1997, 1998, and 1999, from the county's county welfare fund and county welfare administration fund, divided by the total amounts appropriated by all the taxing units in the county in the year.~~

~~(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.**

SECTION 165. IC 6-5.5-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. If the tax imposed by this article is held inapplicable or invalid with respect to a taxpayer, then notwithstanding the statute of limitations set forth in

C o p y

IC 6-8.1-5-2(a), the taxpayer is liable for the taxes imposed by ~~IC 6-2.1~~ IC 6-3 ~~and IC 6-5~~ for the taxable periods with respect to which the tax under this article is held inapplicable or invalid. ~~In addition, personal property is exempt from assessment and property taxation under IC 6-1.1 if:~~

~~(1) the personal property is owned by a financial institution;~~

~~(2) the financial institution is subject to the bank tax imposed under IC 6-5-10; and~~

~~(3) the property is not leased by the financial institution to a lessee under circumstances in which possession is transferred to the lessee.~~

SECTION 166. IC 6-5.5-9-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) A taxpayer who is subject to taxation under this article for a taxable year or part of a taxable year is not, for that taxable year or part of a taxable year, subject to

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

~~(2)~~ the income taxes imposed by IC 6-3. ~~and~~

~~(3) the bank, savings and loan, or production credit association tax imposed by IC 6-5.~~

(b) The ~~exemptions~~ **exemption** provided for the taxes listed in subsection ~~(a)(1) through (a)(2) do~~ **(a) does** not apply to a taxpayer to the extent the taxpayer is acting in a fiduciary capacity.

SECTION 167. IC 6-6-1.1-1204 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1204. (a) No city, town, county, township, or other subdivision or municipal corporation of the state may levy or collect:

(1) an excise tax on or measured by the sale, receipt, distribution, or use of gasoline; or

(2) an excise, privilege, or occupational tax on the business of manufacturing, selling, or distributing gasoline.

(b) The provisions of subsection (a) may not be construed as to relieve a distributor or dealer from payment of ~~the~~ **a** state ~~gross income~~ tax or state store license.

SECTION 168. IC 6-6-5-10, AS AMENDED BY P.L.283-2001, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. (a) The bureau shall establish procedures necessary for the collection of the tax imposed by this chapter and for the proper accounting for the same. The necessary forms and records shall be subject to approval by the state board of accounts.

(b) The county treasurer, upon receiving the excise tax collections, shall receipt such collections into a separate account for settlement

C o p y

thereof at the same time as property taxes are accounted for and settled in June and December of each year, with the right and duty of the treasurer and auditor to make advances prior to the time of final settlement of such property taxes in the same manner as provided in IC 5-13-6-3.

(c) **Except as provided in subsection (d),** the county auditor shall determine the total amount of excise taxes collected for each taxing unit in the county and the amount so collected (and the distributions received under section 9.5 of this chapter) shall be apportioned and distributed among the respective funds of each taxing unit in the same manner and at the same time as property taxes are apportioned and distributed. ~~However, after December 31, 2002, an amount equal to the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county, shall be treated as property taxes apportioned to the county unit.~~

(d) However, for purposes of determining distributions under this section for ~~2000~~ **2003** and each year thereafter, ~~the state welfare allocation for each county equals the greater of zero (0) or the amount determined under STEP FIVE of the following STEPS:~~

~~STEP ONE: For:~~

~~1997, 1998, and 1999, determine the result of:~~

~~(i) the amounts appropriated by the county in the year from the county's county welfare fund and county welfare administration fund; divided by~~

~~(ii) the total amounts appropriated by all the taxing units in the county in the year.~~

~~STEP TWO: Determine the sum of the results determined in STEP ONE.~~

~~STEP THREE: Divide the STEP TWO result by three (3).~~

~~STEP FOUR: Determine the amount that would otherwise be distributed to all the taxing units in the county under this subsection without regard to this subdivision.~~

~~STEP FIVE: Determine the result of:~~

~~(i) the STEP FOUR amount; multiplied by~~

~~(ii) the STEP THREE result.~~

~~The state welfare~~ **a total levy miscellaneous tax** allocation **as determined under IC 6-1.1-44** 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.

C o p y

The county auditor shall remit the ~~state welfare~~ **total levy miscellaneous tax** allocation to the treasurer of state for deposit in a special account within the state general fund.

~~(d)~~ **(e)** Such determination shall be made from copies of vehicle registration forms furnished by the bureau of motor vehicles. Prior to such determination, the county assessor of each county shall, from copies of registration forms, cause information pertaining to legal residence of persons owning taxable vehicles to be verified from the assessor's records, to the extent such verification can be so made. The assessor shall further identify and verify from the assessor's records the several taxing units within which such persons reside.

~~(e)~~ **(f)** Such verifications shall be done by not later than thirty (30) days after receipt of vehicle registration forms by the county assessor, and the assessor shall certify such information to the county auditor for the auditor's use as soon as it is checked and completed.

SECTION 169. IC 6-6-5.5-20, AS ADDED BY P.L.181-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 20. (a) On or before May 1, the auditor of state shall distribute to each county auditor an amount equal to fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(b) On or before December 1, the auditor of state shall distribute to each county auditor an amount equal to the greater of the following:

(1) Fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(2) The product of the county's distribution percentage multiplied by the total commercial vehicle excise tax revenue deposited in the commercial vehicle excise tax fund.

(c) Upon receipt, the county auditor shall distribute to the taxing units an amount equal to the product of the taxing unit's distribution percentage multiplied by the total distributed to the county under this section. The amount determined shall be apportioned and distributed among the respective funds of each taxing unit in the same manner and at the same time as property taxes are apportioned and distributed. **However, for purposes of determining distributions under this section for 2003 and each year thereafter, a total levy miscellaneous tax allocation as determined under IC 6-1.1-44 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.**

C o p y

(d) In the event that sufficient funds are not available in the commercial vehicle excise tax fund for the distributions required by subsection (a) and subsection (b)(1), the auditor of state shall transfer funds from the commercial vehicle excise tax reserve fund.

(e) The auditor of state shall, not later than July 1 of each year, furnish to each county auditor an estimate of the amounts to be distributed to the counties under this section during the next calendar year. Before August 1, each county auditor shall furnish to the proper officer of each taxing unit of the county an estimate of the amounts to be distributed to the taxing units under this section during the next calendar year and the budget of each taxing unit shall show the estimated amounts to be received for each fund for which a property tax is proposed to be levied.

SECTION 170. IC 6-6-6.5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 21. (a) The department shall allocate each aircraft excise tax payment collected by it to the county in which the aircraft is usually located when not in operation or to the aircraft owner's county of residence if based out of state. The department shall distribute to each county treasurer on a quarterly basis the aircraft excise taxes which were collected by the department during the preceding three (3) months and which the department has allocated to that county. The distribution shall be made on or before the fifteenth of the month following each quarter and the first distribution each year shall be made in April.

(b) Concurrently with making a distribution of aircraft excise taxes, the department shall send an aircraft excise tax report to the county treasurer and the county auditor. The department shall prepare the report on the form prescribed by the state board of accounts. The aircraft excise tax report must include aircraft identification, owner information, and excise tax payment, and must indicate the county where the aircraft is normally kept when not in operation. The department shall, in the manner prescribed by the state board of accounts, maintain records concerning the aircraft excise taxes received and distributed by it.

(c) Except as provided in section 21.5 of this chapter, each county treasurer shall deposit money received by him under this chapter in a separate fund to be known as the "aircraft excise tax fund". The money in the aircraft excise tax fund shall be distributed to the taxing units of the county in the manner prescribed in subsection (d).

(d) In order to distribute the money in the county aircraft excise tax fund to the taxing units of the county, the county auditor shall first allocate the money in the fund among the taxing districts of the county.

C o p y

In making these allocations, the county auditor shall allocate to a taxing district the excise taxes collected with respect to aircraft usually located in the taxing district when not in operation. The money allocated to a taxing district shall be apportioned and distributed among the taxing units of that taxing district in the same manner and at the same time that the property taxes are apportioned and distributed. **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.**

(e) Within thirty (30) days following the receipt of excise taxes from the department, the county treasurer shall file a report with the county auditor concerning the aircraft excise taxes collected by the county treasurer. The county treasurer shall file the report on the form prescribed by the state board of accounts. The county treasurer shall, in the manner and at the times prescribed in IC 6-1.1-27, make a settlement with the county auditor for the aircraft excise taxes collected by the county treasurer. The county treasurer shall, in the manner prescribed by the state board of accounts, maintain records concerning the aircraft excise taxes received and distributed by him.

SECTION 171. IC 6-6-9-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. (a) All revenues collected from the auto rental excise tax shall be deposited in a special account of the state general fund called the auto rental excise tax account.

(b) On or before May 20 and November 20 of each year, all amounts held in the auto rental excise tax account shall be distributed to the county treasurers of Indiana.

(c) The amount to be distributed to a county treasurer equals that part of the total auto rental excise taxes being distributed that were initially imposed and collected from within that treasurer's county. The department shall notify each county auditor of the amount of taxes to be distributed to the county treasurer. At the same time each distribution is made to a county treasurer, the department shall certify to the county auditor each taxing district within the county where auto rental excise taxes were collected and the amount of the county distribution that was collected with respect to each taxing district.

(d) The county treasurer shall deposit auto rental excise tax

C o p y

collections into a separate account for settlement at the same time as property taxes are accounted for and settled in June and December of each year.

(e) **Except as provided in subsection (f),** the county auditor shall apportion and the county treasurer shall distribute the auto rental excise taxes among the taxing units of the county in the same manner that property taxes are apportioned and distributed with respect to property located in the taxing district where the auto rental excise tax was initially imposed and collected. The auto rental excise taxes distributed to a taxing unit shall be allocated among the taxing unit's funds in the same proportions that the taxing unit's property tax collections are allocated among those funds.

(f) **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.**

(g) Taxing units of a county may request and receive advances of auto rental excise tax revenues in the manner provided under IC 5-13-6-3.

~~(g)~~ **(h)** All distributions from the auto rental excise tax account shall be made by warrants issued by the auditor of state to the treasurer of state ordering those payments to the appropriate county treasurer.

SECTION 172. IC 6-6-11-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 31. (a) A boat excise tax fund is established in each county. Each county treasurer shall deposit in the fund the taxes received under this chapter.

(b) The excise tax money in the county boat excise tax fund shall be distributed to the taxing units of the county. The county auditor shall allocate the money in the fund among the taxing units of the county based on the tax situs of each boat. **Except as provided in subsection (c),** the money allocated to the taxing units shall be apportioned and distributed among the funds of the taxing units in the same manner and at the same time that property taxes are apportioned and distributed.

(c) 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

C o p y

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.

SECTION 173. IC 6-7-1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2002]: Sec. 12. (a) The following taxes are imposed, and shall be collected and paid as provided in this chapter, upon the sale, exchange, bartering, furnishing, giving away, or otherwise disposing of cigarettes within the state of Indiana:

(1) On cigarettes weighing not more than three (3) pounds per thousand (1,000), a tax at the rate of ~~seven hundred seventy-five thousandths of a cent ($0.00775)~~ **two and seventy-five hundredths of a cent ($0.0275)** per individual cigarette.

(2) On cigarettes weighing more than three (3) pounds per thousand (1,000), a tax at the rate of ~~one and three-hundredths of a cent ($0.0103)~~ **three and six thousand five hundred forty-eight ten-thousandths of a cent ($0.036548)** per individual cigarette, except that if any cigarettes weighing more than three (3) pounds per thousand (1,000) shall be more than six and one-half (6 1/2) inches in length, they shall be taxable at the rate provided in subdivision (1), counting each two and three-fourths (2 3/4) inches (or fraction thereof) as a separate cigarette.

(b) Upon all cigarette papers, wrappers, or tubes, made or prepared for the purpose of making cigarettes, which are sold, exchanged, bartered, given away, or otherwise disposed of within the state of Indiana (other than to a manufacturer of cigarettes for use by him in the manufacture of cigarettes), the following taxes are imposed, and shall be collected and paid as provided in this chapter:

(1) On fifty (50) papers or less, a tax of one-half cent ($0.005).

(2) On more than fifty (50) papers but not more than one hundred (100) papers, a tax of one cent ($0.01).

(3) On more than one hundred (100) papers, one-half cent ($0.005) for each fifty (50) papers or fractional part thereof.

(4) On tubes, one cent ($0.01) for each fifty (50) tubes or fractional part thereof.

SECTION 174. IC 6-7-1-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2002]: Sec. 17. (a) Distributors who hold certificates and retailers shall be agents of the state in the collection of the taxes imposed by this chapter and the amount of the tax levied, assessed, and imposed by this chapter on cigarettes sold, exchanged, bartered, furnished, given away, or otherwise disposed of by distributors or to retailers. Distributors who hold certificates shall

C o p y

be agents of the department to affix the required stamps and shall be entitled to purchase the stamps from the department at a discount of ~~four~~ **one and two-tenths** percent ~~(4%)~~ **(1.2%)** of the amount of the tax stamps purchased, as compensation for their labor and expense.

(b) The department may permit distributors who hold certificates and who are admitted to do business in Indiana to pay for revenue stamps within thirty (30) days after the date of purchase. However, the privilege is extended upon the express condition that a bond or letter of credit satisfactory to the department, in an amount not less than the sales price of the stamps, is filed with the department, and proof of payment is made of all local property, state income, and excise taxes for which any such distributor may be liable. The bond or letter of credit, conditioned to secure payment for the stamps, shall be executed by the distributor as principal and by a corporation duly authorized to engage in business as a surety company or financial institution in Indiana.

SECTION 175. IC 6-7-1-28.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 1, 2002]: Sec. 28.1. The taxes, registration fees, fines, or penalties collected under this chapter shall be deposited in the following manner:

(1) ~~Seven thirty-firsts (7/31)~~ **Six and eighty-nine hundredths percent (6.89%)** of the money shall be deposited in a fund to be known as the cigarette tax fund.

(2) ~~One thirty-first (1/31)~~ **Ninety-four hundredths percent (0.94%)** of the money shall be deposited in a fund to be known as the mental health centers fund.

(3) ~~Fourteen thirty-firsts (14/31)~~ **Eighty-three and seventy-three hundredths percent (83.73%)** of the money shall be deposited in the state general fund.

(4) ~~Nine thirty-firsts (9/31)~~ **Eight and forty-four hundredths percent (8.44%)** of the money shall be deposited into the pension relief fund established in IC 5-10.3-11.

The money in the cigarette tax fund, the mental health centers fund, or the pension relief fund at the end of a fiscal year does not revert to the state general fund. However, if in any fiscal year, the amount allocated to a fund under subdivision (1) or (2) is less than the amount received in fiscal year 1977, then that fund shall be credited with the difference between the amount allocated and the amount received in fiscal year 1977, and the allocation for the fiscal year to the fund under subdivision (3) shall be reduced by the amount of that difference.

SECTION 176. IC 6-7-1-29.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 1, 2002]: Sec. 29.1. (a) ~~One-third~~

C o p y

~~(1/3)~~ **Thirty-two percent (32%)** of the money in the cigarette tax fund is annually appropriated to the department of natural resources.

(b) The department shall use at least two percent (2%) but not more than twenty-one percent (21%) of the money appropriated to it under this section for:

(1) flood control and water resource projects, including multiple-purpose reservoirs; and

(2) applied research related to technical water resource problems.

The department may use the money to plan, design, acquire land for, or construct the projects.

(c) The department shall use at least thirty-six percent (36%) of the money appropriated to it under this section to construct, reconstruct, rehabilitate, or repair general conservation facilities or to acquire land.

(d) The department shall use at least forty-three percent (43%) of the money appropriated to the department under this section for soil conservation and lake and river enhancement under IC 14-32.

SECTION 177. IC 6-7-1-30.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 1, 2002]: Sec. 30.1. (a) ~~Two-thirds (2/3)~~ **Sixty-eight percent (68%)** of the money in the cigarette tax fund is annually appropriated to the cities and towns of this state and to certain local governmental entities.

(b) The amount which is allocated to each city or town under this section equals the product of:

(1) the total amount appropriated under subsection (a); multiplied by

(2) a fraction, the numerator of which is the population of the city or town, and the denominator of which is the total population of all the cities and towns of Indiana.

(c) The auditor of state shall calculate and distribute the amount allocated to each city or town under this section on or before June 1 and December 1 of each year. To make these semiannual distributions, the auditor of state shall issue warrants drawn on the cigarette tax fund to the officials designated in subsection (d) or (e).

(d) For a consolidated city, or a city or town which is located in the same county as the consolidated city, the auditor of state shall issue a warrant for:

(1) three-fourteenths (3/14) of the money allocated to the city or town under subsection (b) to the fiscal officer of the city or town; and

(2) the remaining eleven-fourteenths (11/14) of the money to the treasurer of that county.

The fiscal officer of the city or town shall deposit the money distributed

C o p y

to him under this subsection in the city's or town's general fund. The county treasurer shall annually deposit three hundred fifty thousand dollars ($350,000) which he receives under this subsection in the capital improvement bond fund of the county. The remainder of the money which the county treasurer receives under this subsection is appropriated to the department of transportation of the consolidated city. The county treasurer shall serve as custodian of the money so appropriated to the department.

(e) For a city or town which is not located in the same county as a consolidated city, the auditor of state shall issue a warrant for the total amount allocated to the city or town under subsection (b) to the fiscal officer of the city or town. The fiscal officer shall deposit three-fourteenths (3/14) of the money in the city's or town's general fund, and he shall deposit the remaining eleven-fourteenths (11/14) of the money in the city's or town's cumulative capital improvement fund.

SECTION 178. IC 6-7-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2002]: Sec. 7. A tax is imposed on the distribution of tobacco products in Indiana at the rate of ~~fifteen~~ **twenty-five** percent ~~(15%)~~ **(25%)** of the wholesale price of the tobacco products. The distributor of the tobacco products is liable for the tax. The tax is imposed at the time the distributor:

(1) brings or causes tobacco products to be brought into Indiana for distribution;

(2) manufactures tobacco products in Indiana for distribution; or

(3) transports tobacco products to retail dealers in Indiana for resale by those retail dealers.

SECTION 179. IC 6-7-2-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 1, 2002]: Sec. 13. A distributor that files a complete return and pays the tax due within the time specified in section 12 of this chapter is entitled to deduct and retain from the tax a collection allowance of ~~one percent (1%)~~ **six one-thousandths (0.006)** of the amount due. If a distributor files an incomplete report, the department may reduce the collection allowance by an amount that does not exceed the lesser of:

(1) ten percent (10%) of the collection allowance; or

(2) fifty dollars ($50).

SECTION 180. IC 6-8.1-1-1, AS AMENDED BY P.L.151-2001, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the gross income tax (IC 6-2.1); **the business activity fee (IC 6-2.2);**

C o p y

the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) **(repealed)**; the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); ~~the bank tax (IC 6-5-10); the savings and loan association tax (IC 6-5-11); the production credit association tax (IC 6-5-12);~~ the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various county food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 181. IC 6-8.1-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. "Income tax" includes the gross income tax (IC 6-2.1), the adjusted gross income tax (IC 6-3), ~~the supplemental net income tax (IC 6-3-8),~~ the county adjusted gross income tax (IC 6-3.5-1.1), and the county option income tax (IC 6-3.5-6).

SECTION 182. IC 6-8.1-4-1.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1.6. Subject to the discretion of the commissioner as set forth in section 1 of this chapter, the commissioner shall establish within the department a special tax division. The division shall do the following:

(1) Administer and enforce the following:

~~(A) Bank tax (IC 6-5-10).~~

~~(B) Savings and loan association tax (IC 6-5-11).~~

~~(C) Production credit association tax (IC 6-5-12).~~

~~(D)~~ **(A)** Gasoline tax (IC 6-6-1.1).

~~(E)~~ **(B)** Special fuel tax (IC 6-6-2.5).

C o p y

~~(F)~~ **(C)** Motor carrier fuel tax (IC 6-6-4.1).
~~(G)~~ **(D)** Hazardous waste disposal tax (IC 6-6-6.6).
~~(H)~~ **(E)** Cigarette tax (IC 6-7-1).
~~(I)~~ **(F)** Tobacco products tax (IC 6-7-2).
~~(J)~~ **(G)** Alcoholic beverage tax (IC 7.1-4).
~~(K)~~ **(H)** Petroleum severance tax (IC 6-8-1).
~~(L)~~ **(I)** Any other tax the commissioner designates.

(2) Upon the commissioner's request, conduct studies of the department's operations and recommend whatever changes seem advisable.

(3) Annually audit a statistical sampling of the returns filed for the taxes administered by the division.

(4) Annually audit a statistical sampling of registrants with the bureau of motor vehicles, international registration plan division.

(5) Review federal tax returns and other data that may be helpful in performing the division's function.

(6) Furnish, at the commissioner's request, information that the commissioner requires.

(7) Conduct audits requested by the commissioner or the commissioner's designee.

(8) Administer the statutes providing for motor carrier regulation (IC 8-2.1).

SECTION 183. IC 6-8.1-5-2, AS AMENDED BY P.L.181-1999, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Except as otherwise provided in this section, the department may not issue a proposed assessment under section 1 of this chapter more than three (3) years after the latest of the date the return is filed, or any of the following:

(1) the due date of the return; or

(2) in the case of a return filed for the state gross retail or use tax, the gasoline tax, the special fuel tax, the motor carrier fuel tax, the oil inspection fee, or the petroleum severance tax, the end of the calendar year which contains the taxable period for which the return is filed.

(b) If a person files an adjusted gross income tax (IC 6-3), supplemental net income tax (IC 6-3-8) **(repealed),** county adjusted gross income tax (IC 6-3.5-1.1), county option income tax (IC 6-3.5-6), or financial institutions tax (IC 6-5.5) return that understates the person's income, as that term is defined in the particular income tax law, by at least twenty-five percent (25%), the proposed assessment limitation is six (6) years instead of the three (3) years provided in subsection (a).

C o p y

(c) In the case of the motor vehicle excise tax (IC 6-6-5), the tax shall be assessed as provided in IC 6-6-5-5 and IC 6-6-5-6 and shall include the penalties and interest due on all listed taxes not paid by the due date. A person that fails to properly register a vehicle as required by IC 9-18 and pay the tax due under IC 6-6-5 is considered to have failed to file a return for purposes of this article.

(d) In the case of the commercial vehicle excise tax imposed under IC 6-6-5.5, the tax shall be assessed as provided in IC 6-6-5.5 and shall include the penalties and interest due on all listed taxes not paid by the due date. A person that fails to properly register a commercial vehicle as required by IC 9-18 and pay the tax due under IC 6-6-5.5 is considered to have failed to file a return for purposes of this article.

(e) If a person files a fraudulent, unsigned, or substantially blank return, or if a person does not file a return, there is no time limit within which the department must issue its proposed assessment.

(f) If, before the end of the time within which the department may make an assessment, the department and the person agree to extend that assessment time period, the period may be extended according to the terms of a written agreement signed by both the department and the person. The agreement must contain:

(1) the date to which the extension is made; and

(2) a statement that the person agrees to preserve the person's records until the extension terminates.

The department and a person may agree to more than one (1) extension under this subsection.

(g) If a taxpayer's federal income tax liability for a taxable year is modified due to the assessment of a federal deficiency or the filing of an amended federal income tax return, then the date by which the department must issue a proposed assessment under section 1 of this chapter for tax imposed under IC 6-3 is extended to six (6) months after the date on which the notice of modification is filed with the department by the taxpayer.

SECTION 184. 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

C o p y

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

C o p y

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

C o p y

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

C o p y

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

C o p y

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.

C o p y

(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.

C o p y

(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

C o p y

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:

C o p y

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.

SECTION 185. IC 8-1-2.8-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 24. If the InTRAC meets the requirements of sections 18 and 21 of this chapter, the InTRAC:

(1) for purposes of all taxes imposed by the state or any county or municipality in Indiana is an organization that is organized and operated exclusively for charitable purposes; and

(2) qualifies for all exemptions applicable to those organizations, including but not limited to those exemptions set forth in ~~IC 6-2.1-3-20~~ **IC 6-2.5-5-21(b)(1)(B)** and IC 6-1.1-10-16.

SECTION 186. IC 8-14-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. The money collected for the motor vehicle highway account fund and remaining after refunds and the payment of all expenses incurred in the collection thereof, and after the deduction of the amount appropriated to the department for traffic safety and after the deduction of ~~one-half (1/2)~~

C o p y

~~of~~ the **total** amount appropriated for the state police department, shall be allocated to and distributed among the department and subdivisions designated as follows:

(1) Of the net amount in the motor vehicle highway account the auditor of state shall set aside for the cities and towns of the state fifteen percent (15%) thereof. This sum shall be allocated to the cities and towns upon the basis that the population of each city and town bears to the total population of all the cities and towns and shall be used for the construction or reconstruction and maintenance of streets and alleys and shall be annually budgeted as now provided by law. However, no part of ~~such~~ **the** sum ~~shall~~ **may** be used for any other purpose than for the purposes defined in this chapter. If ~~any~~ funds allocated to ~~any~~ **a** city or town ~~shall be~~ **are** used by ~~any~~ **an** officer or officers of ~~such~~ **the** city or town for any purpose or purposes other than for the purposes as defined in this chapter, ~~such~~ **the** officer or officers shall be liable upon their official bonds to ~~such~~ **the** city or town in ~~such~~ **the** amount so used for other purposes than for the purposes as defined in this chapter, together with the costs of ~~said~~ **the** action and reasonable attorney fees, recoverable in an action or suit instituted in the name of the state of Indiana on the relation of any taxpayer or taxpayers resident of such city or town. A monthly distribution thereof of funds accumulated during the preceding month shall be made by the auditor of state.

(2) Of the net amount in the motor vehicle highway account, the auditor of state shall set aside for the counties of the state thirty-two percent (32%) thereof. However, as to the allocation to cities and towns under subdivision (1), and as to the allocation to counties under this subdivision in the event that the amount in the motor vehicle highway account ~~fund~~ remaining after refunds and the payment of all expenses incurred in the collection thereof and after deduction of any amount appropriated by the general assembly for public safety and policing shall be less than twenty-two million six hundred and fifty thousand dollars ($22,650,000), in any fiscal year then the amount so set aside in the next calendar year for distributions to counties shall be reduced fifty-four percent (54%) of ~~such~~ **the** deficit and the amount so set aside for distribution in the next calendar year to cities and towns shall be reduced thirteen percent (13%) of ~~such~~ **the** deficit. ~~Such~~ reduced distributions shall begin with the distribution January 1 of each year.

(3) The amount set aside for the counties of the state under the

C o p y

provisions of subdivision (2) shall be allocated monthly upon the following basis:

(A) Five percent (5%) of the amount allocated to the counties to be divided equally among the ninety-two (92) counties.

(B) Sixty-five percent (65%) of the amount allocated to the counties to be divided on the basis of the ratio of the actual miles, now traveled and in use, of county roads in each county to the total mileage of county roads in the state, which shall be annually determined, accurately, by the department.

(C) Thirty percent (30%) of the amount allocated to the counties to be divided on the basis of the ratio of the motor vehicle registrations of each county to the total motor vehicle registration of the state.

All money so distributed to the several counties of the state shall constitute a special road fund for each of the respective counties and shall be under the exclusive supervision and direction of the board of county commissioners in the construction, reconstruction, maintenance, or repair of the county highways or bridges on ~~such~~ **the** county highways within ~~such~~ **the** county.

(4) Each month the remainder of the net amount in the motor vehicle highway account shall be credited to the state highway fund for the use of the department.

(5) Money in the fund may not be used for any toll road or toll bridge project.

(6) Notwithstanding any other provisions of this section, money in the motor vehicle highway account fund may be appropriated to the Indiana department of transportation from the forty-seven percent (47%) distributed to the political subdivisions of the state to pay the costs incurred by the department in providing services to those subdivisions.

(7) Notwithstanding any other provisions of this section or of IC 8-14-8, for the purpose of maintaining a sufficient working balance in accounts established primarily to facilitate the matching of federal and local money for highway projects, money may be appropriated to the Indiana department of transportation as follows:

(A) One-half (1/2) from the forty-seven percent (47%) set aside under subdivisions (1) and (2) for counties and for those cities and towns with a population greater than five thousand (5,000).

(B) One-half (1/2) from the distressed road fund under IC 8-14-8.

SECTION 187. IC 8-14-1-11 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. (a) The department may create a local agency revolving fund from money appropriated under section 3(7) of this chapter for the purpose of maintaining a sufficient working balance in accounts established primarily to facilitate the matching of federal and local money for highway projects.

(b) The revolving fund balance must be maintained through reimbursement from a local unit for money used by that unit to match federal funds.

(c) If the local unit fails to reimburse the revolving fund, the department shall notify the local unit that the department has found the outstanding accounts receivable to be uncollectible.

(d) The attorney general shall review the outstanding accounts receivable and if the attorney general agrees with the department's assessment of the account's status, the attorney general shall certify to the auditor of state that the outstanding accounts receivable is uncollectible and request a transfer of funds as provided in subsection (e).

(e) Upon receipt of a certificate as specified in subsection (d), the auditor of state shall:

(1) immediately notify the delinquent local unit of the claim; and

(2) if proof of payment is not furnished to the auditor of state within thirty (30) days after the notification, transfer an amount equal to the outstanding accounts receivable to the department from the delinquent local unit's allocations from the motor vehicle highway account for deposit in the local agency revolving fund.

(f) Transfers shall be made under subsection (e) until the unpaid amount has been paid in full under the terms of the agreement. However, the agreement may be amended if both the department and the unit agree to amortize the transfer over a period not to exceed five (5) years.

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

SECTION 188. IC 8-22-2-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 18. (a) Subject to the approval of the fiscal body of the eligible entity, the board may contract with any person for construction, extensions, additions, or improvements of an aircraft hangar or revenue producing building or facility located or to be located on the airport of the entity, the cost of which is to be paid in the manner authorized by this section.

(b) A contract made under this section must be authorized by ordinance providing that the principal and interest of bonds issued for the payment of the cost of the construction, extensions, additions, or

C o p y

improvements shall be paid exclusively from the revenues and receipts of the aircraft hangars or revenue producing buildings or facilities, unless otherwise provided by this section.

(c) The fiscal body must, by ordinance, set aside the income and revenues of the buildings or facilities into a separate fund, to be used in the maintenance and operation and in payment of the cost of the construction, extensions, additions, or improvements. The ordinance must fix:

(1) the proportion of the revenues of the buildings or facilities that is necessary for the reasonable and proper operation and maintenance of them; and

(2) the proportion of the revenues that are to be set aside and applied to the payment of the principal and interest of bonds.

The ordinance may provide for the proportion of the revenues that are to be set aside as an adequate depreciation account.

(d) Whenever the board determines that there exists a surplus in funds derived from the net operating receipts of a municipal airport, then the board may recommend to the fiscal body that a designated amount of the surplus fund be appropriated by special or general appropriation to the "aviation revenue bond account" for the relief of principal or interest of bonds issued under this section. However, this surplus in funds may not include monies raised by taxation.

(e) The fiscal body may issue and sell bonds to provide for the payment of costs of the following:

(1) Airport capital improvements, including the acquisition of real property.

(2) Construction or improvement of revenue producing buildings or facilities owned and operated by the eligible entity.

(3) Payment of any loan contract.

The fiscal body may issue and sell bonds bearing interest, payable annually or semiannually, executed in the manner and payable at the times not exceeding forty (40) years from the date of issue and at the places as the fiscal body of the entity determines, which bonds are payable only out of the "aviation revenue bond account" fund. The bonds have in the hands of bona fide holders all the qualities of negotiable instruments under law.

(f) In case any of the officers whose signatures or countersignatures appear on the bonds or the coupons ceases to be the officer before the delivery of the bonds to the purchaser, the signature or countersignatures are nevertheless valid and sufficient for all purposes, the same as if he had remained in office until the delivery of the bonds. The bonds and their interest issued against an "aviation revenue bond

C o p y

account" fund and the fixed proportion or amount of the revenues pledged to the fund does not constitute an indebtedness of the entity under the Constitution of Indiana.

(g) Each bond must state plainly upon its face that it is payable only from the special fund, naming the fund and the ordinance creating it, and that it does not constitute an indebtedness of the entity under the Constitution of Indiana. The bonds may be issued either as registered bonds or as bonds payable to bearer. Coupons and bearer bonds may be registered as to principal in the holder's name on the books of the entity, the registration being noted on the bond by the clerk or other designated officer, after which no transfer is valid unless made on the books of the entity by the registered holder and similarly noted on the bonds. Bonds so registered as to principal may be discharged from the registration by being transferred to bearer, after which it is transferable by delivery but may be registered again as to principal. The registration of the bonds as to the principal does not restrain the negotiability of the coupon by delivery, but the coupons may be surrendered and the interest made payable only to the registered holder of the bonds. If the coupons are surrendered, the surrender and cancellation of them shall be noted on the bond and then interest on the bond is payable to the registered holder or order in cash or at his option by check or draft payable at the place or one (1) of the places where the coupons are payable.

(h) The bonds shall be sold in a manner and upon terms that the fiscal body considers in the best interest of the entity.

(i) All bonds issued by an eligible entity under this section are exempt from taxation for all purposes, except that the interest is subject to **adjusted** gross income tax.

(j) In fixing the proportion of the revenues of the building or facility required for operation and maintenance, the fiscal body shall consider the cost of operation and maintenance of the building or facility and may not set aside into the special fund a greater amount or proportion of the revenues and proceeds than are required for the operation and maintenance. The sums set aside for operation and maintenance shall be used exclusively for that purpose, until the accumulation of a surplus results.

(k) The proportion set aside to the depreciation fund, if a depreciation account or fund is provided for under this section, shall be expended in remedying depreciation in the building or facility or in new construction, extensions, additions, or improvements to the property. Accumulations of the depreciation fund may be invested, and the income from the investment goes into the depreciation fund. The

C o p y

fund, and the proceeds of it, may not be used for any other purpose.

(l) The fixed proportion that is set aside for the payment of the principal and interest of the bonds shall, from month to month, as it is accrued and received, be set apart and paid into a special account in the treasury of the eligible entity, to be identified "aviation revenue bond account," the title of the account to be specified by ordinance. In fixing the amount or proportion to be set aside for the payment of the principal and interest of the bonds, the fiscal body may provide that the amount to be set aside and paid into the aviation revenue bond account for any year or years may not exceed a fixed sum, which sum must be at least sufficient to provide for the payment of the interest and principal of the bonds maturing and becoming payable in each year, together with a surplus or margin of ten percent (10%).

(m) If a surplus is accumulated in the operating and maintenance fund that is equal to the cost of maintaining and operating the building or facility for the twelve (12) following calendar months, the excess over the surplus may be transferred by the fiscal body to either the depreciation account to be used for improvements, extensions, or additions to property or to the aviation revenue bond account fund, as the fiscal body designates.

(n) If a surplus is created in the aviation revenue bond account in excess of the interest and principal of bonds, plus ten percent (10%), becoming payable during the calendar, operating, or fiscal year then current, together with the amount of interest or principal of bonds becoming due and payable during the next calendar, operating, or fiscal year, the fiscal body may transfer the excess over the surplus to either the operating and maintenance account, or to the depreciation account, as the fiscal body designates.

(o) All money received from bonds issued under this section shall be applied solely for the purposes listed in subsection (e). There is created a statutory mortgage lien upon buildings or facilities for which bonds are issued in favor of the holders of the bonds and of the coupons of the bonds. The buildings or facilities so constructed, extended, or improved remain subject to the statutory mortgage lien until payment in full of the principal and interest of the bonds.

(p) A holder of the bonds or of the attached coupons may enforce the statutory mortgage lien conferred by this section, and may enforce performance of all duties required by this section of the eligible entity issuing the bond or of any officer of the entity, including:

(1) the making and collecting of reasonable and sufficient rates or rentals for the use or lease of the buildings or facilities, or part of them established for the rent, lease, or use of the buildings or

C o p y

facilities;

(2) the segregation of the revenues from the buildings or facilities; and

(3) the application of the respective funds created by this section.

(q) If there is a default in the payment of the principal or interest of any of the bonds, a court having jurisdiction of the action may appoint an administrator or receiver to administer, manage, or operate the buildings or facilities on behalf of the entity, and the bondholders, with power to:

(1) charge and collect rates or rentals for the use or lease of the buildings or facilities sufficient to provide for the payment of the operating expenses;

(2) pay any bonds or obligations outstanding against the buildings or facilities; and

(3) apply the income and revenues thereof in accord with this section and the ordinance.

SECTION 189. IC 8-22-3.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. (a) Except in a county described in section 1(5) of this chapter, if the commission adopts the provisions of this section by resolution, each taxpayer in the airport development zone is entitled to an additional credit for property taxes that, under IC 6-1.1-22-9, are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the airport development zone:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of the 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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to the special funds under section 9 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the special funds under section 9 of this chapter.

C o p y

(b) The additional credit under subsection (a) shall be:

(1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of an airport development zone; and

(2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in an airport development zone who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies shall be stated on the notice.

SECTION 190. IC 8-22-3.5-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) As used in this section, "state income tax liability" means a 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); **or**

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

~~(4)~~ **(3)** any other tax imposed by this state and based on or measured by either gross income or net income.

(b) The attraction of qualified airport development projects to a consolidated city within Indiana is a governmental function of general public benefit for all the citizens of Indiana.

(c) As an incentive to attract qualified airport development projects to Indiana, for a period of thirty-five (35) years, beginning January 1, 1991, persons that locate and operate a qualified airport development project in an airport development zone in a consolidated city shall not incur, notwithstanding any other law, any state income tax liability as a result of:

(1) activities associated with locating the qualified airport development project in the consolidated city;

(2) the construction or completion of the qualified airport development project;

(3) the employment of personnel or the ownership or rental of property at or in conjunction with the qualified airport development project; or

(4) the operation of, or the activities at or in connection with, the qualified airport development project.

(d) The department of state revenue shall adopt rules under IC 4-22-2 to implement this section.

C o p y

SECTION 191. IC 8-23-9-54 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 54. (a) To provide funds for carrying out the provisions of this chapter, there is created a state highway fund from the following sources:

(1) All money in the general fund to the credit of the state highway account.

(2) All money that is received from the Department of Transportation or other federal agency and known as federal aid.

(3) All money paid into the state treasury to reimburse the state for money paid out of the state highway fund.

(4) All money provided by Indiana law for the construction, maintenance, reconstruction, repair, and control of public highways, as provided under this chapter.

(5) All money that on May 22, 1933, was to be paid into the state highway fund under contemplation of any statute in force as of May 22, 1933.

(6) All money that may at any time be appropriated from the state treasury.

(7) Any part of the state highway fund unexpended at the expiration of any fiscal year, which shall remain in the fund and be available for the succeeding years.

(8) Any money credited to the state highway fund from the motor vehicle highway account under ~~IC 8-14-1-3(4).~~ **IC 8-14-1-3(5).**

(9) Any money credited to the state highway fund from the highway road and street fund under IC 8-14-2-3.

(10) Any money credited to the state highway fund under IC 6-6-4.1-5 or IC 8-16-1-17.1.

(b) All expenses incurred in carrying out this chapter shall be paid out of the state highway fund.

SECTION 192. IC 8-23-17-32 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 32. (a) All amounts paid to displaced persons under this chapter are exempt from taxation under ~~IC 6-2.1 and~~ IC 6-3.

(b) A payment received under this chapter is not considered as income for the purpose of determining the eligibility or extent of eligibility of any person for public assistance under the following:

AFDC assistance.

AFDC burials.

AFDC IMPACT/J.O.B.S.

AFDC-UP assistance.

ARCH.

Blind relief.

C o p y

Child care.
Child welfare adoption assistance.
Child welfare adoption opportunities.
Child welfare assistance.
Child welfare child care improvement.
Child welfare child abuse.
Child welfare child abuse and neglect prevention.
Child welfare children's victim advocacy program.
Child welfare foster care assistance.
Child welfare independent living.
Child welfare medical assistance to wards.
Child welfare program review action group (PRAG).
Child welfare special needs adoption.
Food Stamp administration.
Health care for indigent (HIC).
ICES.
IMPACT (food stamps).
Title IV-D (ICETS).
Title IV-D child support administration.
Title IV-D child support enforcement (parent locator).
Medicaid assistance.
Medical services for inmates and patients (590).
Room and board assistance (RBA).
Refugee social service.
Refugee resettlement.
Repatriated citizens.
SSI burials and disabled examinations.
Title XIX certification.
Any other Indiana law administered by the division of family and children.

SECTION 193. IC 9-29-11-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) The main department, office, agency, or other person under whose supervision a law enforcement officer carries on the law enforcement officer's duties may charge a fee that is fixed by:

(1) rule of the state police department, if the department supplying a copy of the accident report is the state police department; or

(2) ordinance of the fiscal body **in all other cases;**

in an amount not less than three dollars ($3) for each report.

(b) The fee collected under subsection (a) shall be deposited in the following manner:

C o p y

(1) If the department supplying a copy of the accident report is the state police department, in a separate account known as the "accident report account". The account may be expended at the discretion of the state police superintendent for a purpose reasonably related to the keeping of accident reports and records or the prevention of street and highway accidents.

(2) If the department supplying a copy of the accident report is the sheriff, county police, or county coroner, in a separate account known as the "accident report account". The account may be expended at the discretion of the chief administrative officer of the entity that charged the fee for any purpose reasonably related to the keeping of accident reports and records or the prevention of street and highway accidents.

(3) If the department supplying a copy of the accident report is a city or town police department, in the local law enforcement continuing education fund established by IC 5-2-8-2.

SECTION 194. 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

C o p y

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 195. 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

C o p y

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.

SECTION 196. IC 12-7-2-20.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 20.8. "Bed", for purposes of IC 12-15-14.5, has the meaning set forth in IC 12-15-14.5-1.**

SECTION 197. IC 12-7-2-31.4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 31.4. "Child services" has the meaning set forth in IC 12-19-7-1.**

SECTION 198. IC 12-7-2-70 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 70. "Domestic violence prevention and treatment center", for purposes of IC 12-18-3 and IC 12-18-4, means an organized entity:

(1) established by:

(A) a city, town, county, or township; or

(B) an entity exempted from the ~~Indiana~~ gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20;~~ **IC 6-2.5-5-21(b)(1)(B);** and

(2) created to provide services to prevent and treat domestic violence between spouses or former spouses.

SECTION 199. IC 12-7-2-91, AS AMENDED BY P.L.14-2000,

C o p y

SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 91. "Fund" means the following:

(1) For purposes of IC 12-12-1-9, the fund described in IC 12-12-1-9.

~~(2) For purposes of IC 12-13-8, the meaning set forth in IC 12-13-8-1.~~

~~(3)~~ **(2)** For purposes of IC 12-15-20, the meaning set forth in IC 12-15-20-1.

~~(4)~~ **(3)** For purposes of IC 12-17-12, the meaning set forth in IC 12-17-12-4.

~~(5)~~ **(4)** For purposes of IC 12-17.6, the meaning set forth in IC 12-17.6-1-3.

~~(6)~~ **(5)** For purposes of IC 12-18-4, the meaning set forth in IC 12-18-4-1.

~~(7)~~ **(6)** For purposes of IC 12-18-5, the meaning set forth in IC 12-18-5-1.

~~(8)~~ **(7)** For purposes of IC 12-19-7, the meaning set forth in IC 12-19-7-2.

~~(9)~~ **(8)** For purposes of IC 12-23-2, the meaning set forth in IC 12-23-2-1.

~~(10)~~ **(9)** For purposes of IC 12-24-6, the meaning set forth in IC 12-24-6-1.

~~(11)~~ **(10)** For purposes of IC 12-24-14, the meaning set forth in IC 12-24-14-1.

~~(12)~~ **(11)** For purposes of IC 12-30-7, the meaning set forth in IC 12-30-7-3.

SECTION 200. IC 12-7-2-103 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 103. "Health facility" means the following:

(1) For purposes of IC 12-10-5.5, the meaning set forth in IC 12-10-5.5-2.

(2) For purposes of IC 12-10-12, the meaning set forth in IC 12-10-12-3.

(3) For purposes of IC 12-15-14.5, the meaning set forth in IC 12-15-14.5-2.

SECTION 201. IC 12-7-2-128.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 128.5. "Medical institution", for purposes of IC 12-15-8.5, has the meaning set forth in IC 12-15-8.5-1.**

SECTION 202. IC 12-13-5-1, AS AMENDED BY P.L.273-1999, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

C o p y

JANUARY 1, 2004]: Sec. 1. The division shall administer or supervise the public welfare activities of the state. The division has the following powers and duties:

(1) The administration of old age assistance, aid to dependent children, and assistance to the needy blind and persons with disabilities, excluding assistance to children with special health care needs.

(2) The administration of the following:

(A) Any public child welfare service **or child service.**

(B) The licensing and inspection under IC 12-17.2 and IC 12-17.4.

(C) The care of dependent and neglected children in foster family homes or institutions, especially children placed for adoption or those born out of wedlock.

(D) The interstate placement of children.

(3) The provision of services to county governments, including the following:

(A) Organizing and supervising county offices for the effective administration of public welfare functions.

(B) Compiling statistics and necessary information concerning public welfare problems throughout Indiana.

(C) Researching and encouraging research into crime, delinquency, physical and mental disability, and the cause of dependency.

(4) Prescribing the form of, printing, and supplying to the county departments blanks for applications, reports, affidavits, and other forms the division considers necessary and advisable.

(5) Cooperating with the federal Social Security Administration and with any other agency of the federal government in any reasonable manner necessary and in conformity with IC 12-13 through IC 12-19 to qualify for federal aid for assistance to persons who are entitled to assistance under the federal Social Security Act. The responsibilities include the following:

(A) Making reports in the form and containing the information that the federal Social Security Administration Board or any other agency of the federal government requires.

(B) Complying with the requirements that a board or agency finds necessary to assure the correctness and verification of reports.

(6) Appointing from eligible lists established by the state personnel board employees of the division necessary to effectively carry out IC 12-13 through IC 12-19. The division may not

C o p y

appoint a person who is not a citizen of the United States and who has not been a resident of Indiana for at least one (1) year immediately preceding the person's appointment unless a qualified person cannot be found in Indiana for a position as a result of holding an open competitive examination.

(7) Assisting the office of Medicaid policy and planning in fixing fees to be paid to ophthalmologists and optometrists for the examination of applicants for and recipients of assistance as needy blind persons.

(8) When requested, assisting other departments, agencies, divisions, and institutions of the state and federal government in performing services consistent with this article.

(9) Acting as the agent of the federal government for the following:

(A) In welfare matters of mutual concern under IC 12-13 through IC 12-19.

(B) In the administration of federal money granted to Indiana in aiding welfare functions of the state government.

(10) Administering additional public welfare functions vested in the division by law and providing for the progressive codification of the laws the division is required to administer.

(11) Supervising day care centers and child placing agencies.

(12) Supervising the licensing and inspection of all public child caring agencies.

(13) Supervising the care of delinquent children and children in need of services.

(14) Assisting juvenile courts as required by IC 31-30 through IC 31-40.

(15) Supervising the care of dependent children and children placed for adoption.

(16) Compiling information and statistics concerning the ethnicity and gender of a program or service recipient.

(17) Providing permanency planning services for children in need of services, including:

(A) making children legally available for adoption; and

(B) placing children in adoptive homes;

in a timely manner.

(18) Providing medical assistance to wards from money appropriated for that purpose.

SECTION 203. IC 12-15-2-17, AS AMENDED BY P.L.272-1999, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 17. (a) Except as provided in ~~subsection~~

C o p y

subsections (b) **and (d),** if an applicant for or a recipient of Medicaid:

(1) establishes one (1) irrevocable trust that has a value of not more than ten thousand dollars ($10,000), exclusive of interest, and is established for the sole purpose of providing money for the burial of the applicant or recipient;

(2) enters into an irrevocable prepaid funeral agreement having a value of not more than ten thousand dollars ($10,000); or

(3) owns a life insurance policy with a face value of not more than ten thousand dollars ($10,000) and with respect to which provision is made to pay not more than ten thousand dollars ($10,000) toward the applicant's or recipient's funeral expenses;

the value of the trust, prepaid funeral agreement, or life insurance policy may not be considered as a resource in determining the applicant's or recipient's eligibility for Medicaid.

(b) **Subject to subsection (d),** if an applicant for or a recipient of Medicaid establishes an irrevocable trust or escrow under IC 30-2-13, the entire value of the trust or escrow may not be considered as a resource in determining the applicant's or recipient's eligibility for Medicaid.

(c) If an applicant for or a recipient of Medicaid owns resources described in subsection (a) and the total value of those resources is more than ten thousand dollars ($10,000), the value of those resources that is more than ten thousand dollars ($10,000) may be considered as a resource in determining the applicant's or recipient's eligibility for Medicaid.

(d) In order for a trust, life insurance policy, or prepaid funeral agreement to be exempt as a resource in determining an applicant's or recipient's eligibility for Medicaid under this section, the applicant or recipient must designate:

(1) the office; or

(2) the applicant's or recipient's estate;

to receive any amount remaining after the delivery of all services and merchandise under the contract as reimbursement for Medicaid assistance provided to the applicant or recipient after the applicant or recipient is fifty-five (55) years of age. The office may receive funds under this subsection only to the extent permitted by federal law under 42 U.S.C. 1396p.

SECTION 204. IC 12-15-5-1, AS AMENDED BY P.L.149-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. Except as provided in IC 12-15-2-12, IC 12-15-6, and IC 12-15-21, the following services and supplies are provided under Medicaid:

C o p y

(1) Inpatient hospital services.
(2) Nursing facility services.
(3) Physician's services, including services provided under IC 25-10-1 and IC 25-22.5-1.
(4) Outpatient hospital or clinic services.
(5) Home health care services.
(6) Private duty nursing services.
(7) Physical therapy and related services.
(8) Dental services, **except that the office may, under rules adopted under IC 4-22-2, place limitations on the amount expended for services.**
(9) Prescribed laboratory and x-ray services.
(10) Prescribed drugs and services.
(11) Eyeglasses and prosthetic devices.
(12) Optometric services.
(13) Diagnostic, screening, preventive, and rehabilitative services.
(14) Podiatric medicine services.
(15) Hospice services.
(16) Services or supplies recognized under Indiana law and specified under rules adopted by the office.
(17) Family planning services except the performance of abortions.
(18) Nonmedical nursing care given in accordance with the tenets and practices of a recognized church or religious denomination to an individual qualified for Medicaid who depends upon healing by prayer and spiritual means alone in accordance with the tenets and practices of the individual's church or religious denomination.
(19) Services provided to individuals described in IC 12-15-2-8 and IC 12-15-2-9.
(20) Services provided under IC 12-15-34 and IC 12-15-32.
(21) Case management services provided to individuals described in IC 12-15-2-11 and IC 12-15-2-13.
(22) Any other type of remedial care recognized under Indiana law and specified by the United States Secretary of Health and Human Services.
(23) Examinations required under IC 16-41-17-2(a)(10).

SECTION 205. IC 12-15-8.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 8.5. Liens on Real Property of Medicaid Recipients

Sec. 1. As used in this chapter, "medical institution" means any of the following:

C o p y

(1) A hospital.
(2) A nursing facility.
(3) An intermediate care facility for the mentally retarded.

Sec. 2. When the office, in accordance with 42 U.S.C. 1396p, determines that a Medicaid recipient who resides in a medical institution cannot reasonably be expected to be discharged from the medical institution and return home, the office shall obtain a lien on the Medicaid recipient's real property for the cost of all Medicaid expenditures made on behalf of the recipient.

Sec. 3. The office may not obtain a lien under this chapter if any of the following persons lawfully reside in the home of the Medicaid recipient who resides in the medical institution:

(1) The Medicaid recipient's spouse.
(2) The Medicaid recipient's child who is:
(A) less than twenty-one (21) years of age; or
(B) disabled as defined by the federal Supplemental Security Income program.
(3) The Medicaid recipient's sibling who:
(A) has an ownership interest in the home; and
(B) has lived in the home continuously beginning at least twelve (12) months before the recipient was admitted to the medical institution.

Sec. 4. Before obtaining a lien on a Medicaid recipient's real property under this chapter, the office shall notify in writing the Medicaid recipient, the Medicaid recipient's guardian, the Medicaid recipient's attorney in fact, or the Medicaid recipient's authorized representative, of the following:

(1) The office's determination that the Medicaid recipient cannot reasonably be expected to be discharged from the medical institution.
(2) The office's intent to impose a lien on the Medicaid recipient's home.
(3) The Medicaid recipient's right to a hearing under IC 12-15-28 upon the Medicaid recipient's request regarding whether the requirements for the imposition of a lien are satisfied.

Sec. 5. (a) To obtain a lien under this chapter, the office must file a notice of lien with the recorder of the county in which the real property subject to the lien is located. The notice must include the following:

(1) The name and place of residence of the individual against whose property the lien is asserted.

C o p y

(2) A legal description of the real property subject to the lien.

(b) Upon the office's request, the county auditor or assessor of a county shall furnish the office with the legal description of any property in the county registered to the recipient.

(c) The office shall file one (1) copy of the notice of lien with the county office of family and children in the county in which the real property is located. The county office of family and children shall retain a copy of the notice with the county office's records.

(d) The office shall provide one (1) copy of the notice of lien to the recipient whose real property is affected.

Sec. 6. (a) Beginning on the date on which a notice of lien is recorded in the office of the county recorder under section 5 of this chapter, the notice of lien:

(1) constitutes due notice of a lien against the Medicaid recipient's real property for any amount then recoverable and any amount that becomes recoverable under this article; and

(2) creates a specific lien in favor of the office.

(b) The lien continues from the date of filing the lien until the lien is satisfied or released.

Sec. 7. The office may bring proceedings in foreclosure on a lien arising under this chapter during the lifetime of the Medicaid recipient if the Medicaid recipient or a person acting on behalf of the Medicaid recipient sells the property.

Sec. 8. (a) The office may not enforce a lien under this chapter if the Medicaid recipient is survived by any of the following:

(1) The recipient's spouse.

(2) The recipient's child who is:

(A) less than twenty-one (21) years of age; or

(B) disabled as defined by the federal Supplemental Security Income program.

(b) The office may not enforce a lien under this chapter as long as any of the following individuals reside in the home:

(1) The recipient's child of any age if the child:

(A) resided in the home for at least twenty-four (24) months before the Medicaid recipient was admitted to the medical institution;

(B) provided care to the Medicaid recipient that delayed the Medicaid recipient's admission to the medical institution; and

(C) has resided in the home on a continuous basis since the date of the individual's admission to the medical institution.

(2) The Medicaid recipient's sibling who has an ownership

C o p y

interest in the home and who has lived in the home continuously beginning at least twelve (12) months before the Medicaid recipient was admitted to the medical institution.

Sec. 9. (a) The office shall release a lien imposed under this chapter within ten (10) business days after the county office of family and children receives notice that the Medicaid recipient:

(1) was discharged from the medical institution; and

(2) is living in the home.

(b) The county recorder shall waive the filing fee for the filing of a release made under this section.

SECTION 206. IC 12-15-9-0.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 0.5. As used in this chapter, "estate" includes:

(1) all real and personal property and other assets included within an individual's probate estate; **and**

(2) any other real and personal property and other assets in which the individual had legal title or an interest at the time of death, including assets conveyed to a survivor, an heir, or an assignee of the deceased individual through any of the following:

(A) Joint tenancy.

(B) Tenancy in common.

(C) Survivorship.

(D) Life estate.

(E) Trust, other than a trust that meets the requirements of federal law under 42 U.S.C. 1396p(d)(4).

(F) Any other arrangement.

If a trust meets the requirements of federal law under 42 U.S.C. 1396p(d)(4), the office shall be reimbursed in accordance with the terms of the trust.

SECTION 207. IC 12-15-10-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 7. (a) The office may require a recipient to select one (1) pharmacy in which the recipient may fill a prescription covered under Medicaid.**

(b) Except as provided under subsection (c), prescription coverage under Medicaid applies only if a recipient required to select a pharmacy under subsection (a) fills the prescription at the pharmacy selected.

(c) A recipient required to select a pharmacy under subsection (a) may obtain not more than a seventy-two (72) hour supply of a prescription drug in an emergency situation or on a weekend at a

C o p y

pharmacy other than the pharmacy selected.

SECTION 208. IC 12-15-12-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) A Medicaid recipient who has selected or been assigned a managed care provider under this chapter may not select a new managed care provider ~~for twelve (12) months after the managed care provider was selected or assigned.~~ **except as allowed under the waiver obtained under section 11 of this chapter.**

(b) The office may make an exception to the requirement under subsection (a) if the office determines that circumstances warrant a change **and the change is permitted under the waiver obtained under section 11 of this chapter.**

SECTION 209. IC 12-15-12-14, AS ADDED BY P.L.291-2001, SECTION 160, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 14. (a) This section applies to a Medicaid recipient: ~~who:~~

(1) **who** is determined by the office to be eligible for enrollment in a Medicaid managed care program; ~~and~~

(2) **whose Medicaid eligibility is not based on the individual's aged, blind, or disabled status; and**

(3) who resides in a county having a population of:

(A) more than ~~one hundred fifty thousand (150,000) but less than one hundred sixty thousand (160,000).~~ **one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000);**

(B) more than ~~one hundred sixty thousand (160,000) but less than two hundred thousand (200,000).~~ **one hundred seventy thousand (170,000) but less than one hundred eighty thousand (180,000);**

(C) more than two hundred thousand (200,000) but less than three hundred thousand (300,000);

(D) more than three hundred thousand (300,000) but less than four hundred thousand (400,000); or

(E) more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(b) Not later than January 1, 2003, the office shall require a recipient described in subsection (a) to enroll in the risk-based managed care program.

(c) The office:

(1) shall apply to the United States Department of Health and Human Services for any approval necessary; and

(2) may adopt rules under IC 4-22-2;

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to implement this section.

SECTION 210. IC 12-15-14.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 14.5. Health Facility Fee

Sec. 1. As used in this chapter, "bed" refers to a patient bed in a health facility.

Sec. 2. As used in this chapter, "health facility" means a health facility licensed under IC 16-28.

Sec. 3. Beginning August 1, 2002, the office shall assess a health facility a fee of two dollars ($2) per day for each bed in a health facility.

Sec. 4. (a) The office may determine the manner of payment of the fee collected under section 3 of this chapter.

(b) A health facility shall pay the fee required under section 3 of this chapter to the office not more than thirty (30) days after receiving notice that the payment is due.

(c) If a health facility does not comply with subsection (b), the office may do the following:

(1) Deduct the amount of the fee from the health facility's Medicaid reimbursement.

(2) If a health facility does not participate in Medicaid, charge the health facility interest on the fee at an annual interest rate determined by the office.

(3) Impose any other penalty that the office determines is appropriate.

Sec. 5. If federal financial participation funds to match the fees collected under section 3 of this chapter become unavailable under federal law, the office's authority to assess a fee under this chapter terminates on the date the federal statute, federal regulation, or federal interpretative change that ceases the federal participation funds takes effect.

Sec. 6. The office shall adopt rules under IC 4-22-2 to carry out this chapter.

Sec. 7. This chapter expires August 1, 2004.

SECTION 211. IC 12-15-15-9, AS AMENDED BY P.L.283-2001, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. (a) Subject to subsections (e), (f), (g), and (h), for each state fiscal year ending June 30, 1998, June 30, 1999, June 30, 2000, June 30, 2001, ~~and~~ June 30, 2002, **and each state fiscal year to which subsection (e), (f), (g), or (h) applies,** a hospital is entitled to a payment under this section.

C o p y

(b) Subject to subsections (e), (f), (g), and (h), total payments to hospitals under this section for a state fiscal year shall be equal to all amounts transferred from the state hospital care for the indigent ~~fund~~ **program** established under IC 12-16 or IC 12-16.1 for Medicaid current obligations during the state fiscal year, including amounts of the ~~fund~~ **program** appropriated for Medicaid current obligations.

(c) The payment due to a hospital under this section must ~~be based on a policy developed by the office. The policy:~~

~~(1) is not required to provide for equal payments to all hospitals;~~

~~(2) must attempt, to the extent practicable as determined by the office, to establish a payment rate that minimizes the difference between the aggregate amount paid under this section to all hospitals in a county for a state fiscal year and the amount of the county's hospital care for the indigent property tax levy; for that state fiscal year and~~

~~(3) must~~ provide that no hospital will receive a payment under this section less than the amount the hospital received under IC 12-15-15-8 for the state fiscal year ending June 30, 1997.

(d) Following the transfer of funds under subsection (b), an amount equal to the amount determined in the following STEPS shall be deposited in the Medicaid indigent care trust fund under IC 12-15-20-2(2) and used to fund a portion of the state's share of the disproportionate share payments to providers for the state fiscal year:

STEP ONE: Determine the difference between:

(A) the amount transferred from the state hospital care for the indigent fund under subsection (b); and

(B) thirty-five million dollars ($35,000,000).

STEP TWO: Multiply the amount determined under STEP ONE by the federal medical assistance percentage for the state fiscal year.

(e) If funds are transferred under IC 12-16-14.1-2(e), those funds must be used for the state's share of funding for payments to hospitals under this subsection. A payment under this subsection shall be made to all hospitals that received a payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002. Payments under this subsection shall be in proportion to each hospital's payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002.

(f) If the office ~~of the uninsured parents program established by IC 12-17.7-2-1~~ does not implement an uninsured parents program as provided for in IC 12-17.7 before July 1, 2003, and funds are transferred under IC 12-16-14.1-3, a hospital is entitled to a payment

C o p y

under this section for the state fiscal year beginning on July 1, 2002. Payments under this subsection shall be made after July 1, 2003, but before December 31, 2003.

(g) If the office does not implement an uninsured parents program as provided for in IC 12-17.7 before July 1, 2003, a hospital is entitled to a payment under this section for state fiscal years ending after June 30, 2003.

(h) If funds are transferred under IC 12-17.7-9-2, those funds shall be used for the state's share of payments to hospitals under this subsection. A payment under this subsection shall be made to all hospitals that received a payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002. Payments under this subsection shall be in proportion to each hospital's payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002.

SECTION 212. IC 12-15-20-2, AS AMENDED BY P.L.283-2001, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. The Medicaid indigent care trust fund is established to pay the state's share of the following:

(1) Enhanced disproportionate share payments to providers under IC 12-15-19-1.

(2) Subject to subdivision (5), disproportionate share payments to providers under IC 12-15-19-2.1.

(3) Medicaid payments for pregnant women described in IC 12-15-2-13 and infants and children described in IC 12-15-2-14.

(4) Municipal disproportionate share payments to providers under IC 12-15-19-8.

(5) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund under IC 12-15-15-1.1(d), the following apply:

(A) The entirety of the intergovernmental transfers deposited into the Medicaid indigent care trust fund under IC 12-15-15-1.1(d) for state fiscal years ending on or before June 30, 2000, shall be used to fund the state's share of the disproportionate share payments to providers under IC 12-15-19-2.1.

(B) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund under IC 12-15-15-1.1(d) for state fiscal years ending after June 30, 2000, an amount equal to one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund

C o p y

under IC 12-15-15-1.1(d) for the state fiscal year beginning July 1, 1998, and ending June 30, 1999, shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers under IC 12-15-15-1.1(d) for the state fiscal year shall be transferred to the state uninsured parents program fund established under IC 12-17.8-2-1 to fund the state's share of funding for the uninsured parents program established under IC 12-17.7.

(C) If the office does not implement an uninsured parents program as provided for in IC 12-17.7 before July 1, 2003, the intergovernmental transfers transferred to the state uninsured parents program fund under clause (B) shall be returned to the Medicaid indigent care trust fund to be used to fund the state's share of Medicaid add-on payments to hospitals licensed under IC 16-21 under a payment methodology which shall be developed by the office.

(D) If funds are transferred under IC 12-17.7-9-2 or ~~IC 12-17.8-2-4(c)~~ **IC 12-17.8-2-4** to the Medicaid indigent care trust fund, the funds shall be used to fund the state's share of Medicaid add-on payments to hospitals licensed under IC 16-21 under a payment methodology which the office shall develop.

SECTION 213. IC 12-15-28-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. An applicant for or a recipient of Medicaid may appeal to the office if one (1) of the following occurs:

(1) An application or a request is not acted upon by the county office within a reasonable time after the application or request is filed.

(2) The application is denied.

(3) The applicant or recipient is dissatisfied with the action of the county office.

(4) The recipient is dissatisfied with a determination made by the office under IC 12-15-8.5.

SECTION 214. IC 12-16-14.1-1, AS ADDED BY P.L.283-2001, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. ~~(a) All funds in a county hospital care for the indigent fund on July 1, 2002, derived from taxes levied under IC 12-16-14-1(1) or allocated under IC 12-16-14-1(2) shall be immediately transferred to the state hospital care for the indigent fund.~~

~~(b)~~ **(a)** Subject to subsection ~~(d),~~ **(b),** beginning July 1, 2002, all tax receipts derived from taxes levied under IC 12-16-14-1(1) **(repealed)**

C o p y

that are first due and payable in calendar year 2002 or earlier, or allocated under IC 12-16-14-1(2) **(repealed)** in calendar year 2002 or earlier, shall be paid into the county general fund. Before the fifth day of each month, all of the tax receipts paid into the general fund under this ~~subdivision~~ **subsection** during the preceding month shall be transferred to the state hospital care for the indigent fund.

~~(c) All tax receipts derived from taxes levied under IC 12-16-14-1(1) that are first due and payable after calendar year 2002, or allocated under IC 12-16-14-1(2) after calendar year 2002, shall be paid into the county general fund. Before the fifth day of each month, all of the tax receipts paid into the general fund under this subdivision during the preceding month shall be transferred to the state uninsured parents program fund established by IC 12-17.8-2-1.~~

~~(d)~~ **(b)** If the state hospital care for the indigent fund is closed under section 2(d) of this chapter at the time a transfer of receipts is to be made to the fund, the receipts shall be transferred to the state uninsured parents program fund established by IC 12-17.8-2-1.

SECTION 215. IC 12-16-14.1-2, AS ADDED BY P.L.283-2001, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Subject to subsections (b), (c), and (e), and subject to the requirements of IC 12-15-15-9(b) regarding appropriations from the state hospital care for the indigent fund for Medicaid current obligations, beginning July 1, 2002, all funds deposited in the state hospital care for the indigent fund derived from taxes levied under IC 12-16-14-1(1) **(repealed)** or allocated under IC 12-16-14-1(2) **(repealed)** shall be used by the division to pay claims for services:

(1) eligible for payment under the hospital care for the indigent program under IC 12-16-2 (before its repeal); and

(2) provided before July 1, 2002.

(b) This section may not delay, limit, or reduce ~~the following:~~

~~(1) Any appropriation required under state law from the state hospital care for the indigent fund for Medicaid current obligations for the state fiscal years beginning July 1, 2000, and July 1, 2001, for purposes of payments under IC 12-15-15-9(a) through IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2000, and July 1, 2001.~~

~~(2) The transfer of additional funds from the state hospital care for the indigent fund for Medicaid current obligations anticipated under IC 12-15-15-9(b) for purposes of IC 12-15-15-9(a) through IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2000, and July 1, 2001.~~

C o p y

~~(3)~~ for state fiscal years beginning after June 30, 2002, any ~~other~~ appropriation required under state law from the state hospital care for the indigent fund for the uninsured parents program established under ~~IC 12-17.7-2-2.~~ **IC 12-17.7-2-1.**

(c) The division shall cooperate with the office in causing the appropriations and transfers from the state hospital care for the indigent fund described in subsection (b) to occur.

(d) The state hospital care for the indigent fund shall close upon the earlier of the following:

(1) The payment of all funds in the fund.

(2) The payment of all claims for services provided before July 1, 2002, that were eligible for payment under the hospital care for the indigent program under IC 12-16-2 (before its repeal).

(e) Notwithstanding subsection (d) and IC 12-16.1, if at any time before the closing of the state hospital care for the indigent fund the amount of funds on deposit exceeds the amount necessary to pay the claims for services provided before July 1, 2002, that were eligible for payment under the hospital care for the indigent program under IC 12-16 (before its repeal), those excess funds shall be transferred from the fund for use as the state's share of funding for payments to hospitals under IC 12-15-15-9(e). ~~Subject to the operation of~~ **Except for funds transferred to the state hospital care for the indigent fund under** sections **4.5,** 5, and 6 of this chapter, amounts deposited in the state hospital care for the indigent fund under IC 12-16.1 are not subject to this subsection.

(f) Upon the closing of the state hospital care for the indigent fund, no further obligation shall be owed under the hospital care for the indigent program under IC 12-16-2 (before its repeal).

SECTION 216. IC 12-16-14.1-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 4.5. (a) All tax receipts derived from taxes levied under IC 12-16-14-1(1) (repealed) that are first due and payable in calendar year 2003 or earlier or allocated under IC 12-16-14-1(2) (repealed) in calendar year 2003 or earlier that are in the county general fund on December 31, 2003, shall be transferred to the state hospital care for the indigent fund before January 5, 2004.**

(b) If the state hospital care for the indigent fund is closed under section 2 of this chapter at the time a transfer of receipts is to be made to the fund under subsection (a), the receipts shall be transferred to the state uninsured parents program fund established by IC 12-17.8-2-1. If the uninsured parents program is

C o p y

terminated before January 1, 2004, money transferred to the uninsured parents program fund under subsection (a) shall be disposed of as provided in IC 12-17.7-9-2.

(c) If a county has in its possession on December 31, 2003, money described in subsection (a) that has not been deposited in the county general fund or receives money described in subsection (a) after December 31, 2003, the county shall immediately transfer the money to the state for deposit as described in subsections (a) and (b).

SECTION 217. IC 12-16-14.1-6, AS ADDED BY P.L.283-2001, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. If the uninsured parents program implemented and maintained under IC 12-17.7 terminates under IC 12-17.7-9-1

~~(1) all transfers under this chapter will cease immediately;~~

~~(2) all tax receipts on deposit in a county general fund under section 1(b) of this chapter, shall be immediately transferred to the state hospital care for the indigent fund for use as provided in section 2 of this chapter or, if the state hospital care for the indigent fund is closed, to the state uninsured parents program fund;~~

~~(3) all tax receipts on deposit in a county general fund under section 1(c) of this chapter, shall be immediately transferred to the state uninsured parents program fund; and~~

~~(4)~~ **after December 31, 2003,** all funds deposited in the state hospital care for the indigent fund shall be used as provided in section 2 of this chapter.

SECTION 218. IC 12-16.1-7-2, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Except as provided in section 5 of this chapter, claims for payment shall be segregated by year using the patient's admission date.

(b) Each year, the division shall pay claims as provided in section 4 of this chapter without regard to the county of admission. ~~or that county's transfer to the state fund.~~

SECTION 219. IC 12-16.1-7-4, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Each year, the division shall pay two-thirds (2/3) of each claim upon submission and approval of the claim.

(b) If the amount of money in the state hospital care for the indigent fund in a **state fiscal** year is insufficient to pay two-thirds (2/3) of each

C o p y

approved claim for patients admitted in that year, the state's ~~and a county's~~ liability to providers under the hospital care for the indigent program for claims approved for patients admitted in that year is limited to the sum of the following:

(1) The amount transferred to the state hospital care for the indigent fund from county hospital care for the indigent funds in that year under IC 12-16.1-13 **(repealed).**

(2) Any contribution to the fund in that year.

(3) Any amount that was appropriated to the state hospital care for the indigent ~~fund~~ **program** for that year by the general assembly.

(4) Any amount that was carried over to the state hospital care for the indigent fund from a preceding year.

(c) This section does not obligate the general assembly to appropriate money to the state hospital care for the indigent fund.

SECTION 220. IC 12-16.1-7-9, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. IC 12-16.1-2 through ~~IC 12-16.1-14~~ **IC 12-16.1-15** do not affect the liability of a county with respect to claims for hospital care for the indigent for patients admitted before January 1, 1987.

SECTION 221. IC 12-16.1-13-3, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. ~~(a) Before the fifth day of each month, all money contained in a county hospital care for the indigent fund at the end of the preceding month shall be transferred to the state hospital care for the indigent fund.~~

~~(b)~~ If the state hospital care for the indigent fund is closed under IC 12-16-14.1-2(d), a new state hospital care for the indigent fund is established under this article.

SECTION 222. IC 12-16.1-13-4, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Subject to ~~IC 12-16-14.1-5(4)~~ **IC 12-16-14.1-5** and ~~IC 12-16-14.1-6(4),~~ **IC 12-16-14.1-6,** the state hospital care for the indigent fund under this article consists of the following:

(1) Money transferred to the state hospital care for the indigent fund from the county hospital care for the indigent funds.

(2) Any contributions to the fund from individuals, corporations, foundations, or others for the purpose of providing hospital care for the indigent.

~~(3) Money advanced to the fund under IC 12-16.1-14.~~

~~(4)~~ **(3)** Appropriations made specifically to the fund by the

C o p y

general assembly.

(b) This section does not obligate the general assembly to appropriate money to the state hospital care for the indigent fund.

SECTION 223. IC 12-17-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. **(a)** The division shall cooperate with each county office and with the Children's Bureau of the United States Department of Health and Human Services to do the following: ~~in predominantly rural areas and other areas of special need:~~

(1) Establish, extend, and strengthen ~~public welfare~~ services for the protection and care of ~~dependent and delinquent children and children~~ **a child at risk of becoming a child** in need of services **(as defined in IC 31-9-2-17) or a delinquent child (as defined in IC 31-9-2-37).**

(2) Develop and extend ~~child welfare~~ **public social** services **directed toward the accomplishment of any of the following purposes:**

(A) Protecting and promoting the welfare of all children, including handicapped, homeless, dependent, or neglected children.

(B) Preventing, remedying, or assisting in the solution of problems that may result in the neglect, abuse, exploitation, or delinquency of children.

(C) Preventing the unnecessary separation of children from their families by identifying family problems, assisting families in resolving their problems, and preventing breakup of the family whenever the prevention of child removal is desirable and possible.

(3) Develop state services to assist with adequate methods of community child welfare organization.

(4) Develop plans necessary to carry out the services under this section and to comply with the requirements of the Children's Bureau of the United States Department of Health and Human Services in conformity with **Title IV Part B of** the Social Security Act (42 U.S.C. 602 **et seq.).**

(5) Provide financial assistance for support of a destitute child who is living:

(A) in a suitable foster family home, group home, or child caring institution that is licensed under the applicable provisions of IC 12-17.4 and the rules of the division; or

(B) in the home of a relative that is not a foster family home (as defined in IC 12-7-2-29) and that has been approved by the county office as meeting applicable health and safety

C o p y

standards and as suitable for the care of the child.

(b) The amount of the assistance provided to or for the benefit of a destitute child under this chapter may not exceed the foster care per diem rate applicable to the child in the county in which the child resides.

SECTION 224. IC 12-17-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) This section does not apply to a county ~~department's.~~ **office's:**

(1) administrative expenses; or

(2) expenses regarding facilities, supplies, and equipment.

(b) Necessary expenses incurred in the administration of the child welfare services under section 1 of this chapter shall be paid out of the ~~county welfare fund or the~~ county family and children's fund. ~~(whichever is appropriate).~~

SECTION 225. IC 12-17-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The state shall ~~provide money to a county to assist the county in defraying the~~ **pay** expenses incurred for child welfare services as provided in section 1 of this chapter.

(b) The state shall provide the money under subsection (a) as follows:

~~(1) Monthly.~~

~~(2)~~ **(1)** Based upon: ~~need.~~

(A) consistent with the county's plan adopted in accordance with IC 31-34-24 and IC 31-37-24; and

(B) established by the county office in accordance with a request for funds submitted to and approved by the division.

(2) From money appropriated to the division for child welfare services as described in section 1 of this chapter.

(3) From money received through the federal government for the purpose described in ~~this~~ section **1 of this chapter and**

~~(4) In an amount to be determined by the division~~ in conformity with **the state plans approved under Title IV Part B of** the Social Security Act ~~(42 U.S.C. 602).~~ **(42 U.S.C. 622 and 42 U.S.C. 629b).**

SECTION 226. IC 12-17.6-3-3, AS ADDED BY P.L.273-1999, SECTION 177, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) Subject to subsection (b), a child who is eligible for the program shall receive services from the program until the earlier of the following:

~~(1) The end of a period of twelve (12) consecutive months~~

C o p y

~~following the determination of the child's eligibility for the program.~~

(1) The child becomes financially ineligible.

(2) The child becomes nineteen (19) years of age.

(b) Subsection (a) applies only if the child and the child's family comply with enrollment requirements.

SECTION 227. IC 12-17.6-4-2, AS ADDED BY P.L.273-1999, SECTION 177, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The benefit package provided under the program shall focus on age appropriate preventive, primary, and acute care services.

(b) The office shall offer health insurance coverage for the following basic services:

(1) Inpatient and outpatient hospital services.

(2) Physicians' services provided by a physician (as defined in 42 U.S.C. 1395x(r)).

(3) Laboratory and x-ray services.

(4) Well-baby and well-child care, including:

(A) age appropriate immunizations; and

(B) periodic screening, diagnosis, and treatment services according to a schedule developed by the office.

The office may offer services in addition to those listed in this subsection if appropriations to the program exist to pay for the additional services.

(c) The office shall offer health insurance coverage for the following additional services if the coverage for the services has an actuarial value equal to or greater than the actuarial value of the services provided by the benchmark program determined by the children's health policy board established by IC 4-23-27-2:

(1) Prescription drugs.

(2) Mental health services.

(3) Vision services.

(4) Hearing services.

(5) Dental services.

(d) Notwithstanding subsections (b) and (c), the office may not impose treatment limitations or financial requirements on the coverage of services for a mental illness if similar treatment limitations or financial requirements are not imposed on coverage for services for other illnesses.

SECTION 228. IC 12-17.7-9-2, AS ADDED BY P.L.283-2001, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. Upon termination of the uninsured parents

C o p y

program, all funds on deposit in the state uninsured parents program fund, including funds transferred to the fund under IC 12-16-14.1-6(2) **(as effective December 31, 2002),** shall be used to pay expenses and other obligations of the program, as determined by the office. Any remaining funds attributable to taxes levied under IC 12-16-14-1(1) **(repealed)** or allocated under IC 12-16-14-1(2) **(repealed)** shall be transferred from the fund for use as the state's share of payments under IC 12-15-15-9(h). Any remaining funds attributable to transfers from the Medicaid indigent care trust fund under IC 12-15-20-2(5) shall be transferred from the state uninsured parents program fund for use as the state's share of payments under IC 12-15-20-2(5)(D).

SECTION 229. IC 12-17.8-2-1, AS ADDED BY P.L.283-2001, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. ~~(a)~~ The state uninsured parents program fund is established.

~~(b) Before the fifth day of each month, all money contained in a county hospital care for the indigent fund at the end of the preceding month shall be transferred to the state uninsured parents program fund.~~

SECTION 230. IC 12-17.8-2-2, AS ADDED BY P.L.283-2001, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) The state uninsured parents program fund consists of the following:

(1) The money transferred to the state uninsured parents program fund from the county hospital care for the indigent funds**.**

(2) The money transferred to the state uninsured parents program fund under IC 12-15-20-2(5).

(3) The money transferred to the state uninsured parents program fund under IC 12-16-14.1.

(4) Any contributions to the fund from individuals, corporations, foundations, public or private trust funds, or others for the purpose of providing medical assistance to uninsured parents.

~~(5) The money advanced to the fund under section 5 of this chapter.~~

~~(6)~~ **(5)** The appropriations made specifically to the fund by the general assembly or a state board, trust, or fund.

~~(7)~~ **(6)** Any voluntary intergovernmental transfer to the fund.

(b) This section does not obligate the general assembly or any state board, trust, or fund to appropriate money to the state uninsured parents program fund.

SECTION 231. IC 12-17.8-2-4, AS ADDED BY P.L.283-2001, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Subject to subsections (c) and (d),

C o p y

money in the state uninsured parents program fund at the end of a state fiscal year remains in the fund and does not revert to the state general fund.

(b) For each state fiscal year beginning July 1, 2002, **to the extent that money is available in the fund that is not needed to meet the expenses of the uninsured parents program,** the office of ~~the uninsured parents program established by IC 12-17.7-2-1~~ **Medicaid policy and planning established by IC 12-8-6-1** shall transfer from the state uninsured parents program fund an amount equal to the amount determined by multiplying thirty-five million dollars ($35,000,000) by the federal medical assistance percentage for the state fiscal year. The transferred amount shall be used for Medicaid current obligations. The transfer may be made in a single payment or multiple payments throughout the state fiscal year.

(c) At the end of a state fiscal year, the office shall do the following:

(1) Determine the sums on deposit in the state uninsured parents program fund.

(2) Calculate a reasonable estimate of the sums to be transferred to the state uninsured parents program fund during the next state fiscal year, taking into consideration the timing of the transfers.

(3) Calculate a reasonable estimate of the expenses to be paid by the program during the next state fiscal year, taking into consideration the likely number of enrollees in the program during the next state fiscal year.

(d) If the amount on deposit in the state uninsured parents program fund at the end of a state fiscal year, combined with the estimated amount of transfers of funds into the fund during the next state fiscal year, exceeds the estimate of the expenses to be paid by the program during the next state fiscal year, then a sum equal to the excess amount shall be transferred from the funds on deposit in the state uninsured parents program fund at the end of the state fiscal year to the Medicaid indigent care trust fund for purposes of IC 12-15-20-2(5)(D).

SECTION 232. IC 12-18-4-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. A:

(1) city, town, county, or township; or

(2) an entity that is exempted from the ~~Indiana~~ gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20;~~ **IC 6-2.5-5-21(b)(1)(B);**

that desires to receive a grant under this chapter or enter into a contract with the council must apply in the manner prescribed by the rules of the division.

SECTION 233. IC 12-19-1-21, AS ADDED BY P.L.273-1999, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

C o p y

JANUARY 1, 2004]: Sec. 21. **(a)** Notwithstanding any other law, after December 31, 1999, a county may not impose any of the following:

(1) A property tax levy for a county welfare fund.

(2) A property tax levy for a county welfare administration fund.

(b) Notwithstanding any other law, after December 31, 2003, a county may not impose any of the following:

(1) A property tax levy for a county medical assistance to wards fund (IC 12-13-8-2 (repealed)).

(2) A property tax levy for a children with special health care needs county fund (IC 16-35-3-1 (repealed)).

(3) The part of a county general fund levy imposed under IC 12-16-14-1 (repealed) to transfer money to the state for the hospital care for indigent program or the uninsured parent program.

SECTION 234. IC 12-19-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. ~~(a) For taxes first due and payable in 1995, each county must impose a county family and children property tax levy equal to the amount determined using the following formula:~~

~~STEP ONE: Determine the sum of the amounts that were paid by the county minus the amounts reimbursed by the state (including reimbursements made with federal money), as determined by the state board of accounts, in 1991, 1992, and 1993 for the following:~~

~~(A) Payments for administrative expenses of the county office of family and children in administering the provision of child services.~~

~~(B) Payments for the services described in section 1 of this chapter that were made on behalf of the children described in section 1 of this chapter and for which payment was made from the county welfare fund.~~

~~(C) Payment for the facilities, supplies, and equipment needed for the provision of child services as operated by the county office of family and children.~~

~~(D) Payment of all other expenses incurred in providing child services that were paid by the county office of family and children.~~

~~STEP TWO: Subtract from the amount determined in STEP ONE the sum of the miscellaneous taxes that were allocated to:~~

~~(A) the county welfare administration fund and used to pay expenses for administration, facilities, supplies, and equipment for the provision of child services in 1991, 1992, and 1993; and~~

C o p y

~~(B) the county welfare fund, the county general fund, or the county welfare loan fund (whichever of the funds applies) and used to pay the costs of providing child services in 1991, 1992, and 1993.~~

~~STEP THREE: Divide the amount determined in STEP TWO by three (3).~~

~~STEP FOUR: Calculate the STEP ONE amount and the STEP TWO amount for 1993 expenses only.~~

~~STEP FIVE: Adjust the amounts determined in STEP THREE and STEP FOUR by the amount determined by the state board of tax commissioners under subsection (c).~~

~~STEP SIX: Determine whether the amount calculated in STEP THREE, as adjusted in STEP FIVE, or the amount calculated in STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the greater amount by the greater of:~~

~~(A) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for property taxes first due and payable in 1995; or~~

~~(B) the statewide average assessed value growth quotient using the county assessed value growth quotients determined under IC 6-1.1-18.5-2 for property taxes first due and payable in 1995.~~

~~STEP SEVEN: Multiply the amount determined in STEP SIX by the county's assessed value growth quotient for property taxes first due and payable in 1995, as determined under IC 6-1.1-18.5-2.~~

(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).

(b) For taxes first due and payable in each year after ~~1995,~~ **2004,** each county shall impose a county family and children property tax levy equal to the product of:

(1) 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

C o p y

calendar year, as determined under IC 6-1.1-18.5-2; or

(B) one (1).

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable, the amount to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section.

~~(c) For taxes first due and payable in 1995 and in 1996, the state board of tax commissioners shall adjust the levy for each county to reflect the county's actual child services expenses incurred in providing child services in 1991, 1992, and 1993. In making this adjustment, the state board of tax commissioners may consider all relevant information, including the county's use of bond and loan proceeds to pay these expenses.~~

~~(d)~~ **(c)** The ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

SECTION 235. IC 12-19-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) The county director, upon the advice of the judges of the courts with juvenile jurisdiction in the county, shall annually compile and adopt a child services budget, which must be in a form prescribed by the state board of accounts. The budget may not exceed the **sum of the** levy limitation set forth in IC 6-1.1-18.6 **and the amount of the distribution from the division to the county determined for the year under section 21.5 of this chapter.**

(b) The budget must contain an estimate of the amount of money that will be needed by the county office during the fiscal year to defray the expenses and obligations incurred by the county office in the payment of services for children adjudicated to be children in need of services or delinquent children and other related services, but not including the payment of AFDC.

SECTION 236. IC 12-19-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. (a) The county director shall, with the assistance of the judges of courts with juvenile jurisdiction in the county and at the same time the budget is compiled and adopted, recommend to the division the tax levy that the director and judges determine will be required to raise the amount of revenue necessary to pay the expenses and obligations of the county office set forth in the budget under section 6 of this chapter. However, the tax

C o p y

levy may not exceed the maximum permissible levy set forth in IC 6-1.1-18.6 and the budget may not exceed the **sum of the** levy limitation set forth in IC 6-1.1-18 **and the amount of the distribution from the division to the county determined for the year under section 21.5 of this chapter.**

(b) After the county budget has been compiled, the county director shall submit a copy of the budget and the tax levy recommended by the county director and the judges of courts with juvenile jurisdiction in the county to the division. The division shall examine the budget and the tax levy for the purpose of determining whether, in the judgment of the division:

(1) the appropriations requested in the budget will be adequate to defray the expenses and obligations incurred by the county office in the payment of child services for the next fiscal year; and

(2) the tax levy recommended will yield the amount of the appropriation set forth in the budget **after accounting for the amount of the distribution from the division to the county determined for the year under section 21.5 of this chapter.**

SECTION 237. IC 12-19-7-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. In September of each year, at the time provided by law, the county fiscal body shall do the following:

(1) Make the appropriations out of the family and children's fund that are:

(A) based on the budget as submitted; and

(B) necessary to maintain the child services of the county for the next fiscal year, subject to the maximum levy set forth in IC 6-1.1-18.6.

(2) Levy a tax in an amount necessary to produce the appropriated money **after accounting for the amount of the distribution from the division to the county determined for the year under section 21.5 of this chapter.**

SECTION 238. IC 12-19-7-21.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 21.5. (a) In each calendar year beginning with calendar year 2004, the division shall distribute the amount determined under this section to each county for deposited in the fund.**

(b) The division shall distribute an amount under this section equal to the lesser of the following:

(1) Fifty percent (50%) of the amount appropriated by the county for the calendar year and expended for child services.

C o p y

(2) The amount of the maximum county family and children property tax levy under IC 6-1.1-18.6-2, as adjusted under IC 6-1.1-18.6-3.

(c) The division shall distribute money for the payment of the state's obligation to fund the programs, services, and activities described in subsection (b) in two (2) installments on June 15 and December 15 of each year. A county treasurer shall deposit money received under this section in the fund. The county and the division shall provide for the settlement of any surplus or deficit in the amount distributable under this section in a calendar year before July 1 in the immediately subsequent calendar year.

SECTION 239. IC 13-11-2-35.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 35.5. "Community water system", for purposes of IC 13-16-1, means a public water system that serves at least fifteen (15) service connections used by year-round residents or regularly serves at least twenty-five (25) year-round residents.**

SECTION 240. IC 13-11-2-142.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 142.7. "Nontransient noncommunity water system", for purposes of IC 13-16-1, means a public water system that is not a community water system that regularly serves the same twenty-five (25) or more persons at least six (6) months per year.**

SECTION 241. IC 13-11-2-177.3, AS AMENDED BY P.L.14-2000, SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 177.3. "Public water system", for purposes of this chapter, **IC 13-16-1,** and IC 13-18-21, has the meaning set forth in 42 U.S.C. 300f.

SECTION 242. IC 13-11-2-237.5, AS AMENDED BY P.L.1-2001, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 237.5. "Transient noncommunity water system", for purposes of IC 13-18-11 **and IC 13-16-1,** means a noncommunity water system that does not regularly serve at least twenty-five (25) of the same persons over six (6) months per year.

SECTION 243. IC 13-15-11-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. The environmental management permit operation fund is established for the purpose of providing money for permitting and directly associated activities of the **following programs of the department and boards:**

(1) National Pollutant Discharge Elimination System **program.**

C o p y

(2) Solid waste **program.** ~~and~~

(3) Hazardous waste **program.**

(4) Public water system program under IC 13-16-1-8.

(5) Stormwater permit program under IC 13-16-1-8.

~~programs of the department and the boards.~~

SECTION 244. IC 13-16-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 5. **Except as provided in section 12 of this chapter,** a fee established under this chapter shall be deposited in the environmental management special fund under IC 13-14-12 when the fee is collected.

SECTION 245. IC 13-16-1-6, AS AMENDED BY P.L.224-1999, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 6. Notwithstanding sections 1 through 5 of this chapter or any other law, a board or the department may not do any of the following:

(1) Except as provided in ~~section~~ **sections** 7 **and 8** of this chapter, change a fee established by:

(A) IC 13-18-20;

(B) IC 13-20-21; or

(C) IC 13-22-12.

(2) Establish an additional fee that was not in effect on January 1, 1994, concerning the following:

(A) National Pollutant Discharge Elimination System programs.

(B) Solid waste programs.

(C) Hazardous waste programs.

(3) Require payment of a fee for material used as alternate daily cover pursuant to a permit issued by the department under 329 IAC 10-20-13.

SECTION 246. IC 13-16-1-8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 8. The boards may establish fees for the following:**

(1) Public water system permits. Fees established under this subdivision are subject to the following conditions:

(A) Total annual operating fees from all systems may not exceed two million dollars ($2,000,000).

(B) Total annual fees for all active community water systems may not exceed one million five hundred thousand dollars ($1,500,000).

(C) Total annual fees for all active nontransient noncommunity water systems may not exceed two hundred fifty thousand dollars ($250,000).

C o p y

(D) Total annual fees for all active transient noncommunity water systems may not exceed two hundred fifty thousand dollars ($250,000).

Fees may not be established under this subdivision for schools that are public water systems.

(2) Stormwater permits from municipal separate storm sewer systems.

(3) NPDES general permits. Fees established under this subdivision are in addition to the NPDES fees established under IC 13-18-20.

A board may change the amount of a fee established under this section if the board determines, based on the factors set forth in section 2 of this chapter, that the fee is not appropriate.

SECTION 247. IC 13-16-1-9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 9. Fees established under section 8(1) of this chapter begin accruing January 1 of each year. The department shall assess fees under section 8(1) of this chapter not later than January 15 of each year.**

SECTION 248. IC 13-16-1-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 10. (a) In addition to the penalties prescribed under:**

(1) IC 13-30-4-1;

(2) IC 13-30-4-2; and

(3) IC 13-30-5-1;

if a person does not remit a fee established under section 8(1) of this chapter or an installment of the fee under IC 13-16-2 to the department not later than sixty (60) days after the date the fee is assessed or not later than thirty (30) days after the date the installment is due, the person shall be assessed a delinquency charge equal to ten percent (10%) of the fee or ten percent (10%) of the installment, whichever applies.

(b) A delinquency charge assessed under this section is due and payable not later than sixty (60) days after the date a fee under section 8(1) of this chapter is assessed or not later than thirty (30) days after the date an installment of the fee under IC 13-16-2 is due.

SECTION 249. IC 13-16-1-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 11. If a person does not remit a fee established under section 8(1) of this chapter or an**

C o p y

installment of the fee under IC 13-16-2 to the department not later than ninety (90) days after the date the fee is assessed or not later than sixty (60) days after the date the installment is due, the department may revoke the person's permit. However, before the department may revoke a permit under this section, the department must:

(1) not earlier than sixty (60) days after the date the fee is assessed or not earlier than thirty (30) days after the installment is due; and

(2) not later than thirty (30) days before the department revokes the permit:

notify the person by United States mail of the fees and delinquency charges due. The notice must state that the department may revoke the person's permit for nonpayment after thirty (30) days from the date of the notice.

SECTION 250. IC 13-16-1-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 12. Any fees assessed under section 8 of this chapter or delinquency charges assessed under section 10 of this chapter:**

(1) are payable to the department; and

(2) shall be deposited as follows:

(A) Fifty percent (50%) in the environmental management permit operation fund established by IC 13-15-11-1.

(B) Fifty percent (50%) in the state general fund.

SECTION 251. IC 13-17-5-7, AS AMENDED BY P.L.229-1999, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. (a) The department shall annually advise the budget committee on whether:

(1) money ~~appropriated by the general assembly;~~ **available from the underground petroleum storage tank excess liability trust fund established in IC 13-23-7-1;** and

(2) money available through federal grants;

is adequate to implement a motor vehicle emissions testing program described in section 5.1 of this chapter.

(b) If the money described under subsection (a) becomes insufficient to implement a motor vehicle emissions testing program, the department shall immediately notify:

(1) the governor; and

(2) the budget committee;

of the insufficiency.

SECTION 252. IC 13-18-20-2 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. For industrial permits, other than coal mine permits or stone quarry permits, the annual base fee per facility is:

(1) one thousand **two hundred** dollars ~~($1,000)~~ **($1,200)** for a major permit; and

(2) four hundred **eighty** dollars ~~($400)~~ **($480)** for a minor permit;

plus the following annual discharge flow fee per facility:

Daily Average Actual Flow in MGD	Fee
.001 - .05	~~$240~~ **$288**
.051 - .1	~~$360~~ **$432**
.101 - .2	~~$840~~ **$1,008**
.201 - .3	~~$1,200~~ **$1,440**
.301 - .5	~~$1,680~~ **$2,016**
.501 - 1.0	~~$2,060~~ **$2,472**
1.001 - 2.0	~~$3,600~~ **$4,320**
2.001 - 5.0	~~$5,400~~ **$6,480**
5.001 - 10.0	~~$8,400~~ **$10,080**
10.001 - 15.0	~~$12,000~~ **$14,400**
15.001 - 30.0	~~$16,800~~ **$20,160**
30.001 - 50.0	~~$22,800~~ **$27,360**
50.001 - 100.0	~~$28,800~~ **$34,560**
> 100.0	~~$34,800~~ **$41,760**

Annual flow fees are reduced by twenty percent (20%) for discharges that are comprised of greater than ninety percent (90%) of non-contact cooling water.

SECTION 253. IC 13-18-20-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. Each facility for which a coal mine operator files a notice of intent under the general coal mine permit rules adopted under IC 13-18-18 shall pay an annual fee of ~~five~~ **six** hundred dollars ~~($500)~~ **($600)** instead of the following individual permit fees. The annual fee must accompany the initial notice of intent and is due each year on the anniversary date of the date when the initial notice of intent was filed.

Outfalls	Fee
1 Outfall	~~$500~~ **$600**
2-3 Outfalls	~~$750~~ **$900**
4-6 Outfalls	~~$1,000~~ **$1,200**
7-10 Outfalls	~~$1,500~~ **$1,800**
11-20 Outfalls	~~$2,500~~ **$3,000**
21-99 Outfalls	~~$3,500~~ **$4,200**

SECTION 254. IC 13-18-20-4 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 4. For stone quarry permits, the annual fee is as follows:

Outfalls	Fee
1 Outfall	~~$750~~ **$900**
2 Outfalls	~~$1,500~~ **$1,800**
3 Outfalls	~~$2,000~~ **$2,400**
4 Outfalls	~~$2,500~~ **$3,000**

SECTION 255. IC 13-18-20-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 5. For municipal permits, the annual base fee per facility is:

(1) one thousand ~~five~~ **eight** hundred dollars ~~($1,500)~~ **($1800)** for a major permit; and

(2) four hundred **eighty** dollars ~~($400)~~ **($480)** for a minor permit; plus the following annual discharge flow fee per facility:

Daily Average Actual Flow in MGD	Fee
.001 - .05	~~$300~~ **$360**
.051 - .1	~~$600~~ **$720**
.101 - .2	~~$2,000~~ **$2,400**
.201 - .3	~~$4,000~~ **$4,800**
.301 - .5	~~$5,000~~ **$6,000**
.501 - 1.0	~~$6,000~~ **$7,200**
1.001 - 2.0	~~$7,000~~ **$8,400**
2.001 - 5.0	~~$8,000~~ **$9,600**
5.001 - 10.0	~~$10,000~~ **$12,000**
10.001 - 15.0	~~$13,000~~ **$15,600**
15.001 - 30.0	~~$15,000~~ **$18,000**
30.001 - 50.0	~~$20,000~~ **$24,000**
50.001 - 100.0	~~$22,000~~ **$26,400**

SECTION 256. IC 13-18-20-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 6. For state permits, the annual base fee per facility is:

(1) one thousand **two hundred** dollars ~~($1,000)~~ **($1,200)** for a major permit; and

(2) four hundred **eighty** dollars ~~($400)~~ **($480)** for a minor permit; plus the following annual discharge flow fee per facility:

Daily Average Actual Flow in MGD	Fee
.001 - .05	~~$240~~ **$288**
.051 - .1	~~$360~~ **$432**
.101 - .2	~~$840~~ **$1,008**
.201 - .3	~~$1,200~~ **$1,440**

C o p y

.301 - .5	~~$1,680~~ **$2,016**
.501 - 1.0	~~$2,060~~ **$2,472**
1.001 - 2.0	~~$3,600~~ **$4,320**
2.001 - 5.0	~~$5,400~~ **$6,480**
5.001 - 10.0	~~$8,400~~ **$10,080**
10.001 - 15.0	~~$12,000~~ **$14,400**
15.001 - 30.0	~~$16,800~~ **$20,160**
30.001 - 50.0	~~$22,800~~ **$27,360**
50.001 - 100.0	~~$28,800~~ **$34,560**
> 100.0	~~$34,800~~ **$41,760**

SECTION 257. IC 13-18-20-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 7. For federal permits, the annual base fee per facility is:

(1) one thousand **two hundred** dollars ~~($1,000)~~ **($1,200)** for a major permit; and

(2) four hundred **eighty** dollars ~~($400)~~ **($480)** for a minor permit; plus the following annual discharge flow fee per facility:

Daily Average Actual Flow in MGD	Fee
.001 - .05	~~$240~~ **$288**
.051 - .1	~~$360~~ **$432**
.101 - .2	~~$840~~ **$1,008**
.201 - .3	~~$1,200~~ **$1,440**
.301 - .5	~~$1,680~~ **$2,016**
.501 - 1.0	~~$2,060~~ **$2,472**
1.001 - 2.0	~~$3,600~~ **$4,320**
2.001 - 5.0	~~$5,400~~ **$6,480**
5.001 - 10.0	~~$8,400~~ **$10,080**
10.001 - 15.0	~~$12,000~~ **$14,400**
15.001 - 30.0	~~$16,800~~ **$20,160**
30.001 - 50.0	~~$22,800~~ **$27,360**
50.001 - 100.0	~~$28,800~~ **$34,560**
> 100.0	~~$34,800~~ **$41,760**

SECTION 258. IC 13-18-20-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 8. For semipublic permits, the annual base fee per facility is:

(1) ~~seven~~ **nine** hundred ~~fifty~~ dollars ~~($750)~~ **($900)** for a major permit; and

(2) two hundred **forty** dollars ~~($200)~~ **($240)** for a minor permit; plus the following annual discharge flow fee per facility:

C o p y

Daily Average Design Flow in MGD	Fee
.001 - .05	~~$150~~ **$180**
.051 - .1	~~$300~~ **$360**
.101 - .2	~~$1,000~~ **$1,200**
.201 - .3	~~$2,000~~ **$2,400**
.301 - .5	~~$2,500~~ **$3,000**
.501 - 1.0	~~$3,000~~ **$3,600**
1.001 - 2.0	~~$3,500~~ **$4,200**
2.001 - 5.0	~~$4,000~~ **$4,800**
5.001 - 10.0	~~$5,000~~ **$6,000**
10.001 - 15.0	~~$6,500~~ **$7,800**
15.001 - 30.0	~~$7,500~~ **$9,000**
30.001 - 50.0	~~$10,000~~ **$12,000**
50.001 - 100.0	~~$11,000~~ **$13,200**

SECTION 259. IC 13-18-20-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 9. For public water supply permits, the annual base fee per facility is:

(1) one thousand **two hundred** dollars ~~($1,000)~~ **($1,200)** for a major permit; and

(2) four hundred **eighty** dollars ~~($400)~~ **($480)** for a minor permit;

plus the following annual discharge flow fee per facility based on projected daily average flow in MGD as set forth in a facility NPDES permit:

Projected Daily Average Flow in MGD	Fee
.001 - .05	~~$240~~ **$288**
.051 - .1	~~$360~~ **$432**
.101 - .2	~~$840~~ **$1,008**
.201 - .3	~~$1,200~~ **$1,440**
.301 - .5	~~$1,680~~ **$2,016**
.501 - 1.0	~~$2,060~~ **$2,472**
1.001 - 2.0	~~$3,600~~ **$4,320**
2.001 - 5.0	~~$5,400~~ **$6,480**
5.001 - 10.0	~~$8,400~~ **$10,080**
10.001 - 15.0	~~$12,000~~ **$14,400**
15.001 - 30.0	~~$16,800~~ **$20,160**
30.001 - 50.0	~~$22,800~~ **$27,360**
50.001 - 100.0	~~$28,800~~ **$34,560**
> 100.0	~~$34,800~~ **$41,760**

SECTION 260. IC 13-18-20-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 10. (a) For storm

C o p y

water permits for construction activity, a fee of one hundred **twenty** dollars ~~($100)~~ **($120)** shall be submitted with a notice of intent (NOI).

(b) For storm water permits for industrial activity, the annual fee is one hundred **twenty** dollars ~~($100).~~ **($120).**

SECTION 261. IC 13-18-20-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 11. For an industrial waste pretreatment permit, the annual fee is ~~three~~ **four** hundred ~~fifty~~ **twenty** dollars ~~($350).~~ **($420).**

SECTION 262. IC 13-18-20-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 16. The fees and delinquency charges established under this chapter:

(1) are payable to the department; and

(2) shall be deposited **as follows:**

(A) Ninety-one and six hundred sixty-six thousandths percent (91.666%) in the environmental management permit operation fund established by IC 13-15-11-1.

(B) Eight and three hundred thirty-four thousandths percent (8.334%) in the state general fund.

SECTION 263. IC 13-20-21-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. For solid waste permits, the application fees are as follows:

New Permit or Major Modification	Fee
Sanitary Landfill	~~$31,300~~ **$37,560**
Construction\ Demolition Site	~~$20,000~~ **$24,000**
Restricted Waste Site	
Type I	~~$31,300~~ **$37,560**
Type II	~~$31,300~~ **$37,560**
Type III	~~$20,000~~ **$24,000**
Processing Facility	
Transfer Station	~~$12,150~~ **$14,580**
Other	~~$12,150~~ **$14,580**
Incinerator	~~$28,650~~ **$34,380**
Waste Tire Storage Registration	~~$500~~ **$600**
Waste Tire Processing	~~$200~~ **$240**
Waste Tire Transportation	~~$25~~ **$30**

C o p y

Permit Renewal	
Sanitary Landfill	~~$15,350~~ **$18,420**
Construction\	
Demolition Site	~~$7,150~~ **$8,580**
Restricted Waste Site	
Type I	~~$15,350~~ **$18,420**
Type II	~~$15,350~~ **$18,420**
Type III	~~$7,150~~ **$8,580**
Processing Facility	
Transfer Station	~~$2,200~~ **$2,640**
Other	~~$2,200~~ **$2,640**
Incinerator	~~$5,900~~ **$7,080**
Waste Tire Processing	~~$200~~ **$240**
Minor Modification	
Minor Modification	~~$2,500~~ **$3,000**

SECTION 264. IC 13-20-21-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 4. For solid waste, the annual operation fees are as follows:

	Fee
Sanitary Landfill	
> 500 TPD	~~$35,000~~ **$42,000**
250-499 TPD	~~$15,000~~ **$18,000**
100-249 TPD	~~$7,000~~ **$8,400**
<100 TPD	~~$2,000~~ **$2,400**
Construction\	
Demolition Site	~~$1,500~~ **$1,800**
Restricted Waste Site	
Type I	~~$35,000~~ **$42,000**
Type II	~~$25,000~~ **$30,000**
Type III	~~$10,000~~ **$12,000**
Processing Facility	
Transfer Station	~~$2,000~~ **$2,400**
Other	~~$2,000~~ **$2,400**
Incinerator	
>500 TPD	~~$35,000~~ **$42,000**
250-499 TPD	~~$15,000~~ **$18,000**
100-249 TPD	~~$7,000~~ **$8,400**
<100 TPD	~~$2,000~~ **$2,400**
Infectious Waste	
Incinerator (>7 TPD)	~~$5,000~~ **$6,000**
Waste Tire Storage	
Registration	~~$500~~ **$600**

C o p y

Waste Tire Transportation Registration	~~$25~~ **$30**
Groundwater Compliance Sampling (per well)	~~$250~~ **$300**

SECTION 265. IC 13-20-21-6, AS AMENDED BY P.L.218-2001, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) For solid waste, the disposal fees are as follows:

	Fee
Solid waste disposed into a municipal solid waste landfill per ton	~~$0.10~~ **$0.12**
Solid waste disposed into a nonmunicipal solid waste landfill per ton	~~$0.10~~ **$0.12**
Solid waste disposed into an incinerator per ton	~~$0.05~~ **$0.06**
Solid waste disposed into a construction\demolition waste site per ton	~~$0.10~~ **$0.12**

(b) There is no solid waste disposal fee for solid waste disposed into a solid waste landfill permitted to accept restricted waste solely generated by the person to which the permit is issued.

SECTION 266. IC 13-21-12-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. A security issued in connection with a financing under this article, the interest on which is excludable from **adjusted** gross income tax, is exempt from the registration requirements of IC 23.

SECTION 267. IC 13-20-21-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 14. Fees and delinquency charges collected under this chapter:

(1) are payable to the department; and

(2) shall be deposited **as follows:**

(A) Ninety-one and six hundred sixty-six thousandths percent (91.666%) in the environmental management permit operation fund established by IC 13-15-11-1.

(B) Eight and three hundred thirty-four thousandths percent (8.334%) in the state general fund.

SECTION 268. IC 13-22-12-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. For hazardous waste, the application fees are as follows:

New Permit Application

	Fee

C o p y

Land Disposal	~~$40,600~~ **$48,720**
Incinerator (per unit)	~~$21,700~~ **$26,040**
Storage	~~$23,800~~ **$28,560**
Treatment	~~$23,800~~ **$28,560**
Permit Renewal or Class 3 Modification	
Land Disposal	~~$34,000~~ **$40,800**
Incinerator	~~$21,700~~ **$26,040**
Storage	~~$17,200~~ **$20,640**
Treatment	~~$17,200~~ **$20,640**
Class 2 Modification	
Class 2 Modification	~~$2,250~~ **$2,700**

SECTION 269. IC 13-22-12-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. For hazardous waste, the annual operation fees are as follows:

	Fee
Land Disposal	~~$37,500~~ **$45,000**
Incinerator (per unit)	~~$10,000~~ **$12,000**
Storage	~~$2,500~~ **$3,000**
Treatment	~~$10,000~~ **$12,000**
Generator	~~$1,565~~ **$1,878**
Postclosure Activity	~~$1,500~~ **$1,800**
Groundwater Compliance Sampling at active facilities (per well)	~~$1,000~~ **$1,200**

SECTION 270. IC 13-22-12-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 13. The fees and delinquency charges collected under this chapter:

(1) are payable to the department; and

(2) shall be deposited **as follows:**

(A) Ninety-one and six hundred sixty-six thousandths percent (91.666%) in the environmental management permit operation fund established by IC 13-15-11-1.

(B) Eight and three hundred thirty-four thousandths percent (8.334%) in the state general fund.

SECTION 271. IC 13-23-7-1, AS AMENDED BY P.L.14-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. The underground petroleum storage tank excess liability trust fund is established for the following purposes:

(1) Assisting owners and operators of underground petroleum storage tanks to establish evidence of financial responsibility as required under IC 13-23-4.

C o p y

(2) Providing a source of money to satisfy liabilities incurred by owners and operators of underground petroleum storage tanks under IC 13-23-13-8 for corrective action.

(3) Providing a source of money for the indemnification of third parties under IC 13-23-9-3.

(4) Providing a source of money to pay for the expenses of the department incurred in paying and administering claims against the trust fund. Money may be provided under this subdivision only for those job activities and expenses that consist exclusively of administering the excess liability trust fund.

(5) Providing a source of money to pay for the expenses of the department incurred in operating and administering a motor vehicle inspection and maintenance program established under IC 13-17-5.

SECTION 272. IC 13-23-7-4, AS AMENDED BY P.L.14-2001, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. The expenses of administering:

(1) IC 13-17-5; and

(2) the provisions of this article that are funded by the trust fund, including:

~~(1)~~ **(A)** IC 13-23-8;

~~(2)~~ **(B)** IC 13-23-9;

~~(3)~~ **(C)** IC 13-23-11; and

~~(4)~~ **(D)** IC 13-23-12;

shall be paid from money in the fund.

SECTION 273. IC 13-23-8-1, AS AMENDED BY P.L.14-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. **(a)** The department, under rules adopted by the underground storage tank financial assurance board under IC 4-22-2, shall use money in the excess liability trust fund, to the extent that money is available in the excess liability trust fund, to pay claims submitted to the department for the following:

(1) The payment of the costs allowed under IC 13-23-9-2, excluding:

(A) liabilities to third parties; and

(B) the costs of repairing or replacing an underground storage tank;

arising out of releases of petroleum.

(2) Providing payment of part of the liability of owners and operators of underground petroleum storage tanks:

(A) to third parties under IC 13-23-9-3; or

(B) for reasonable attorney's fees incurred in defense of a third

C o p y

party liability claim.

(b) The department may use money in the excess liability trust fund, to the extent that money is available in the excess liability trust fund, to pay for all or part of the expenses incurred in operating and administering a motor vehicle inspection and maintenance program established under IC 13-17-5.

SECTION 274. IC 16-28-11-1, AS AMENDED BY P.L.218-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. Except as provided in IC 16-28-1-11, ~~and~~ IC 16-28-7-4, **and section 4 of this chapter,** fines or fees required to be paid under this article shall be paid directly to the director, who shall deposit the fines or fees in the state general fund.

SECTION 275. IC 16-28-11-4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 4. A health facility shall pay the fee required under IC 12-15-14.5.**

SECTION 276. IC 16-33-4-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 17. (a) Each child, the estate of the child, the parent or parents of the child, or the guardian of the child, individually or collectively, are liable for the payment of the costs of maintenance of the child of up to one hundred percent (100%) of the per capita cost, except as otherwise provided. The cost shall be computed annually by dividing the total annual cost of operation for the fiscal year, exclusive of the cost of education programs, construction, and equipment, by the total child days each year. The maintenance cost shall be referred to as maintenance charges. The charge may not be levied against any of the following:

(1) The division of family and children or the county office of family and children. ~~to be derived from county tax sources.~~

(2) A child orphaned by reason of the death of the natural parents.

(b) The billing and collection of the maintenance charges as provided for in subsection (a) shall be made by the superintendent of the home based on the per capita cost for the preceding fiscal year. All money collected shall be deposited in a fund to be known as the Indiana soldiers' and sailors' children's home maintenance fund. The fund shall be used by the state health commissioner for the:

(1) preventative maintenance; and

(2) repair and rehabilitation;

of buildings of the home that are used for housing, food service, or education of the children of the home.

(c) The superintendent of the home may, with the approval of the state health commissioner, agree to accept payment at a lesser rate than

C o p y

that prescribed in subsection (a). The superintendent of the home shall, in determining whether or not to accept the lesser amount, take into consideration the amount of money that is necessary to maintain or support any member of the family of the child. All agreements to accept a lesser amount are subject to cancellation or modification at any time by the superintendent of the home with the approval of the state health commissioner.

(d) A person who has been issued a statement of amounts due as maintenance charges may petition the superintendent of the home for a release from or modification of the statement and the superintendent shall provide for hearings to be held on the petition. The superintendent of the home may, with the approval of the state health commissioner and after the hearing, cancel or modify the former statement and at any time for due cause may increase the amounts due for maintenance charges to an amount not to exceed the maximum cost as determined under subsection (a).

(e) The superintendent of the home may arrange for the establishment of a graduation or discharge trust account for a child by arranging to accept a lesser rate of maintenance charge. The trust fund must be of sufficient size to provide for immediate expenses upon graduation or discharge.

(f) The superintendent may make agreements with instrumentalities of the federal government for application of any monetary awards to be applied toward the maintenance charges in a manner that provides a sufficient amount of the periodic award to be deposited in the child's trust account to meet the immediate personal needs of the child and to provide a suitable graduation or discharge allowance. The amount applied toward the settlement of maintenance charges may not exceed the amount specified in subsection (a).

(g) The superintendent of the home may do the following:

(1) Investigate, either with the superintendent's own staff or on a contractual or other basis, the financial condition of each person liable under this chapter.

(2) Make determinations of the ability of:

(A) the estate of the child;

(B) the legal guardian of the child; or

(C) each of the responsible parents of the child;

to pay maintenance charges.

(3) Set a standard as a basis of judgment of ability to pay that shall be recomputed periodically to do the following:

(A) Reflect changes in the cost of living and other pertinent factors.

C o p y

(B) Provide for unusual and exceptional circumstances in the application of the standard.

(4) Issue to any person liable under this chapter statements of amounts due as maintenance charges, requiring the person to pay monthly, quarterly, or otherwise as may be arranged, an amount not exceeding the maximum cost as determined under this chapter.

SECTION 277. IC 16-35-2-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 10. The state department shall use money appropriated from the state general fund for services to children with special health care needs to pay the expenses and obligations incurred by the state department for services to children with special health care needs.**

SECTION 278. IC 16-42-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) An organization that is exempt from the ~~Indiana~~ **state** gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20 through IC 6-2.1-3-22~~ **IC 6-2.5-5-21(b)(1)(B), IC 6-2.5-5-21(b)(1)(C), or IC 6-2.5-5-21(b)(1)(D)** and that offers food for sale to the final consumer at an event held for the benefit of the organization is exempt from complying with the requirements of this chapter that may be imposed upon the sale of food at that event if the following conditions are met:

(1) Members of the organization prepare the food that will be sold.

(2) Events conducted by the organization under this section take place for not more than thirty (30) days in a calendar year.

(3) The name of each member who has prepared a food item is attached to the container in which the food item has been placed.

(b) This section does not prohibit an exempted organization from waiving the exemption and applying for a license under this chapter.

SECTION 279. IC 20-3-11-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 20. **(a)** Each such board of school commissioners may from time to time, whenever its general fund shall be exhausted or in the board's judgment be in danger of exhaustion, make temporary loans for the use of its general fund to be paid out of the:

(1) proceeds of taxes theretofore levied by such school city for its general fund; **and**

(2) anticipated state tuition support distributions.

The amount so borrowed in aid of said general fund shall be paid into said general fund and may be used for any purpose for which the said

C o p y

general fund lawfully may be used.

(b) Any such temporary loan shall be evidenced by the promissory note or notes of said school city, shall bear interest at not more than seven per cent (7%) per annum, interest payable at the maturity of the note or periodically, as the note may express, and shall mature at such time or times as the board of school commissioners may decide, but not later than one (1) year from the date of the note. No such loan or loans made in any one (1) calendar year shall be for a sum greater than the amount estimated by said board as the:

(1) proceeds to be received by it from the levy of taxes theretofore made by said school city in behalf of; **and**

(2) amount of state tuition support distributions estimated to be received for and distributed to;

its said general fund.

(c) Successive loans may be made in aid of said general fund in any calendar year, but the aggregate amount thereof, outstanding at any one (1) time, shall not exceed such estimated:

(1) proceeds of taxes levied in behalf of; **and**

(2) state tuition support distributions to be received for and distributed to;

the said general fund.

(d) No such loan shall be made until notice asking for bids therefor shall have been given by newspaper publication, which publication shall be made one (1) time in a newspaper published in said city and said publication shall be at least seven (7) days before the time when bids for such loans will be opened. Bidders shall name the amount of interest they agree to accept not exceeding seven per cent (7%) per annum, and the loan shall be made to the bidder or bidders bidding the lowest rate of interest. The note or notes or warrants shall not be delivered until the full price of the face thereof shall be paid to the treasurer of said school city, and no interest shall accrue thereon before such delivery.

(e) Any such school corporation wishing to make a temporary loan in aid of its general fund, finding that it has need to exercise the power in this section above given to make a temporary loan, which has in its treasury money derived from the sale of bonds, which money derived from the sale of bonds can not or will not, in the due course of the business of said school city, be expended in the then near future, may, if it so elects, temporarily borrow, and without payment of interest, from such bond fund, for the use and aid of said general fund in the manner and to the extent hereinafter expressed, viz.: Such school city shall, by its board of school commissioners, take all the steps required

C o p y

by law to effect such temporary loan up to the point of advertising for bids or offers for such loans. It shall then present to the ~~state board of tax commissioners of the state of Indiana,~~ **department of local government finance,** and to the state board of accounts of the state of Indiana, a copy of the corporate action of said school city concerning its desire to make such temporary loan and a petition showing the particular need for such temporary loan, and the amount and the date or dates when said general fund will need such temporary loan, or instalments of such loan, and the date at which such loan, and each instalment thereof, will be needed, and the estimated amounts from taxes **and state tuition support** to come into said general fund, and the dates when it is expected such proceeds of taxes **and state tuition support** will be received by such school city in behalf of said general fund, and showing what amount of money said school city has in any fund derived from the proceeds of the sale of bonds, which can not or will not be expended in the then near future, and showing when and to what extent and why money in such bond fund, not soon to be expended, will not be expended in the then near future and requesting that said ~~state board of tax commissioners,~~ **department of local government finance** and said state board of accounts, respectively, authorize a temporary loan from said bond fund in aid of said general fund.

(f) If said ~~state board of tax commissioners~~ **department of local government finance** shall find and order that there is need for such temporary loan, and that it should be made, and said state board of accounts shall find that the money proposed to be borrowed will not be needed during the period of the temporary loan by the fund from which it is to be borrowed, and ~~said two (2) state boards~~ **the department of local government finance and the state board of accounts** shall approve the loan, the business manager and treasurer of said school city shall, upon such approval by said two (2) state boards, take all steps necessary to transfer the amount of such loans, as a temporary loan from the fund to be borrowed from, to said general fund of such school city. The loan so effected shall, for all purposes, be a debt of the school city chargeable against its constitutional debt limit.

~~Such two (2) state boards~~ **(g) The department of local government finance and the state board of accounts** may fix the aggregate amount so to be borrowed on any one (1) petition and shall determine at what time or times and in what instalments and for what periods it shall be borrowed. The treasurer and business manager of such school city, from time to time, as money shall be collected from taxes levied in behalf of said general fund, shall credit the same on such loan until

C o p y

the amount borrowed is fully repaid to the lending fund, and they shall at the end of each calendar month report to the board the several amounts so applied from taxes **and state tuition support** to the payment of such loan.

(h) The school city shall, as often as once a month, report to ~~both of said state boards~~ **the department of local government finance and the state board of accounts** the amount of money then so borrowed and unpaid, the anticipated like borrowings of the current month, the amount left in the said general fund, and the anticipated drafts upon the lending bond fund for the objects for which that fund was created.

~~Said two (2) state boards, or either of them,~~ **(i) The department of local government finance or the state board of accounts, or both,** may, if it ~~shall seem to said boards, or to either of them,~~ **seems to the department of local government finance or the state board of accounts, or both,** that the fund from which the loan was made requires the repayment of all or of part of such loan(s) before its maturity or said general fund no longer requires all or some part of the proceeds of such loan, require such school city to repay all or any part of such loan, and, if necessary to perform the requirement, such school city shall exercise its power of making a temporary loan procured from others to raise the money so needed to repay the lending bond fund the amount so ordered repaid.

SECTION 280. IC 20-5-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. If the governing board shall find, by written resolution, that an emergency exists which requires the expenditure of any money for any lawful corporate purpose which was not included in its existing budget and tax levy, it may authorize the making of an emergency loan which may be evidenced by the issuance of its note or notes in the same manner and subject to the same procedure and restrictions as provided for the issuance of its bonds, except as to purpose. At the time for making the next annual budget and tax levy for such school corporation, the governing body shall:

(1) make a levy;

(2) pledge an amount from the school corporation's anticipated state tuition support distribution; or

(3) do both of the actions under subdivisions (1) and (2);

to the credit of the fund for which such expenditure is made sufficient to pay such debt and the interest thereon; however, the interest on the loan may be paid from the debt service fund.

SECTION 281. IC 20-5-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 8. (a) Whenever

C o p y

the governing board of a school corporation finds and declares that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund before the receipt of revenues from taxes levied or state tuition support distributions for such fund, the governing board may issue warrants in anticipation of the receipt of:

(1) said revenues;

(2) state tuition support distributions; or

(3) both items listed in subdivisions (1) and (2).

(b) The principal of these warrants shall be payable solely from the fund for which the taxes are levied or from the general fund in the case of anticipated state tuition support distributions. However, the interest on these warrants may be paid from the debt service fund, from the fund for which the taxes are levied, or the general fund in the case of anticipated state tuition support distributions.

(c) The amount of principal of temporary loans maturing on or before June 30 for any fund shall not exceed eighty percent (80%) of the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund at the June settlement.

(d) The amount of principal of temporary loans maturing after June 30, and on or before December 31, shall not exceed eighty percent (80%) of the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund at the December settlement.

(e) At each settlement, the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund includes any allocations to the fund from the property tax replacement fund.

(f) The estimated amount of taxes and state tuition support distributions to be collected or received and distributed shall be made by the county auditor or the auditor's deputy. The warrants evidencing any loan in anticipation of tax revenue, ~~or~~ state tuition support distributions, **or both tax revenue and state tuition support distributions,** shall not be delivered to the purchaser of the warrant nor payment made on the warrant before January 1 of the year the loan is to be repaid. However, the proceedings necessary to the loan may be held and carried out before January 1 and before the approval. The loan may be made even though a part of the last preceding June or December settlement has not yet been received.

(g) Proceedings for the issuance and sale of warrants for more than one (1) fund may be combined, but separate warrants for each fund shall be issued and each warrant shall state on its face the fund from

C o p y

which its principal is payable. No action to contest the validity of such warrants shall be brought later than fifteen (15) days from the first publication of notice of sale.

(h) No issue of tax or state tuition support anticipation warrants shall be made if the aggregate of all these warrants exceed twenty thousand dollars ($20,000) until the issuance is advertised for sale, bids received, and an award made by the governing board as required for the sale of bonds, except that the sale notice need not be published outside of the county nor more than ten (10) days before the date of sale.

SECTION 282. IC 20-9.1-4-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 12. The state police department may adopt rules under IC 4-22-2 concerning inspections conducted under section 5 of this chapter, including the imposition of fees for the inspections.**

SECTION 283. IC 20-14-10-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. All property owned by a lessor corporation contracting with a public corporation or corporations under this chapter, and all stock and other securities including the interest or dividends issued by a lessor corporation, are exempt from all state, county, and other taxes, ~~including gross income taxes, but~~ excluding the financial institutions tax and the inheritance taxes. ~~The rental paid to a lessor corporation under the terms of a lease is exempt from gross income tax.~~

SECTION 284. IC 21-2-4-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 7. The governing body of a school corporation may adopt a resolution to transfer money that is:**

(1) not greater than the amount described in IC 21-3-1.7-8 STEP TWO (C); and

(2) on deposit in the school corporation's debt service fund;

to the school corporation's general fund.

SECTION 285. IC 21-2-11.5-5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 5. The governing body of a school corporation may adopt a resolution to transfer money that is:**

(1) not greater than the amount described in IC 21-3-1.7-8 STEP TWO (C); and

(2) on deposit in the school corporation's:

(A) transportation fund;

(B) school bus replacement fund; or

(C) both the transportation fund and school bus

C o p y

replacement fund;

to the school corporation's general fund.

SECTION 286. IC 21-2-12-6.1, AS AMENDED BY P.L.3-2000, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6.1. (a) The county supplemental school financing tax revenues shall be deposited in the county supplemental school distribution fund. In addition, for purposes of allocating distributions of tax revenues collected under ~~IC 6-5-10, IC 6-5-11,~~ IC 6-5.5, IC 6-6-5, IC 6-6-5.5, or IC 6-6-6.5, the county supplemental school financing tax shall be treated as if it were property taxes imposed by a separate taxing unit. Thus, the appropriate portion of those distributions shall be deposited in the county supplemental school distribution fund.

(b) The entitlement of each school corporation from the county supplemental school distribution fund for each calendar year after 2000 shall be the greater of:

(1) the amount of its entitlement for the calendar year 2000 from the tax levied under this chapter; or

(2) an amount equal to twenty-seven dollars and fifty cents ($27.50) times its ADM.

SECTION 287. IC 21-2-15-13.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 13.1. The governing body of a school corporation may adopt a resolution to transfer money that is:**

(1) not greater than the amount described in IC 21-3-1.7-8 STEP TWO (C); and

(2) on deposit in the school corporation's capital projects fund;

to the school corporation's general fund.

SECTION 288. IC 21-3-1.7-3.1, AS AMENDED BY P.L.291-2001, SECTION 240, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3.1. (a) As used in this chapter, "previous year revenue" for calculations with respect to a school corporation equals:

(1) the school corporation's tuition support for regular programs, including basic tuition support, and excluding:

(A) special education grants;

(B) vocational education grants;

(C) at-risk programs;

(D) the enrollment adjustment grant;

(E) for 1999 and thereafter, the academic honors diploma

C o p y

award; and

(F) for 2001 and thereafter, the primetime distribution;

for the year that precedes the current year; plus

(2) the school corporation's tuition support levy for the year that precedes the current year before the reductions required under section 5(1), 5(2), and 5(3) of this chapter; plus

(3) distributions received by the school corporation under IC 6-1.1-21.6 for the year that precedes the current year; plus

(4) the school corporation's excise tax revenue for the year that precedes the current year by two (2) years; minus

(5) an amount equal to the reduction in the school corporation's tuition support under subsection (b) or IC 20-10.1-2-1, or both; **plus**

(6) in calendar year 2003, the amount determined for calendar year 2002 under section 8 of this chapter, STEP TWO (C).

(b) A school corporation's previous year revenue shall be reduced if:

(1) the school corporation's state tuition support for special or vocational education was reduced as a result of a complaint being filed with the department of education after December 31, 1988, because the school program overstated the number of children enrolled in special or vocational education programs; and

(2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in tuition support for special and vocational education because of the overstatement.

SECTION 289. IC 21-3-1.7-2, AS AMENDED BY P.L.181-1999, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. As used in this chapter, "excise tax revenue" means the amount of:

(1) financial institution excise tax revenue ~~(IC 6-5-10, IC 6-5-11, IC 6-5-12) (or the amount of any distribution by the state to replace these taxes);~~ **(IC 6-5.5);** plus

(2) the motor vehicle excise taxes (IC 6-6-5) and the commercial vehicle excise taxes (IC 6-6-5.5);

the school corporation received for deposit in the school corporation's general fund in a year.

SECTION 290. IC 21-3-1.7-6.8, AS AMENDED BY P.L.291-2001, SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

C o p y

JULY 1, 2003]: Sec. 6.8. **(a) Except as provided in subsection (b),** a school corporation's target general fund property tax rate for purposes of IC 6-1.1-19-1.5 is the result determined under STEP THREE of the following formula:

STEP ONE: This STEP applies only if the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter minus the result determined in STEP ONE of the formula in section 6.7(b) of this chapter is greater than zero (0). Determine the result under clause (E) of the following formula:

(A) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(B) Divide the clause (A) result by ten thousand (10,000).

(C) Determine the greater of the following:

(i) The clause (B) result.

(ii) Thirty-nine dollars ($39) in 2002 and thirty-nine dollars and seventy-five cents ($39.75) in 2003.

(D) Determine the result determined under item (ii) of the following formula:

(i) Subtract the result determined in STEP ONE of the formula in section 6.7(b) of this chapter from the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter.

(ii) Divide the item (i) result by the school corporation's current ADM.

(E) Divide the clause (D) result by the clause (C) result.

(F) Divide the clause (E) result by one hundred (100).

STEP TWO: This STEP applies only if the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter is equal to STEP ONE of the formula in section 6.7(b) of this chapter and the result of clause (A) is greater than zero (0). Determine the result under clause (G) of the following formula:

(A) Add the following:

(i) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(ii) The original amount of any excessive tax levy the school corporation imposed as a result of the passage, during the preceding year, of a referendum under IC 6-1.1-19-4.5(c) for taxes first due and payable during the year.

(iii) The portion of the maximum general fund levy for the year that equals the original amount of the levy imposed by

C o p y

the school corporation to cover the costs of opening a new school facility during the preceding year.

(B) Divide the clause (A) result by the school corporation's current ADM.

(C) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(D) Divide the clause (C) result by ten thousand (10,000).

(E) Determine the greater of the following:

(i) The clause (D) result.

(ii) Thirty-nine dollars ($39) in 2002 and thirty-nine dollars and seventy-five cents ($39.75) in 2003.

(F) Divide the clause (B) result by the clause (E) amount.

(G) Divide the clause (F) result by one hundred (100).

STEP THREE: Determine the sum of:

(A) ninety-one and eight-tenths cents ($0.918) in 2002; and

(B) ninety-five and eight-tenths cents ($0.958) in 2003; and

if applicable, the STEP ONE or STEP TWO result.

(b) This subsection applies to calendar years beginning after December 31, 2003. A school corporation's target general fund property tax rate for purposes of IC 6-1.1-19-1.5 is equal to the result determined under subsection (a) multiplied by five-tenths (0.5).

SECTION 291. IC 21-3-1.7-8, AS AMENDED BY P.L.291-2001, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 8. Notwithstanding IC 21-3-1.6 and subject to section 9 of this chapter, the state distribution for a calendar year for tuition support for basic programs for each school corporation equals the result determined using the following formula:

STEP ONE:

(A) For a school corporation not described in clause (B), determine the school corporation's result under STEP FIVE of section 6.7(b) of this chapter for the calendar year.

(B) For a school corporation that has target revenue per adjusted ADM for a calendar year that is equal to the amount under STEP ONE (A) of section 6.7(b) of this chapter, determine the sum of:

(i) the school corporation's result under STEP ONE of section 6.7(b) of this chapter for the calendar year; plus

(ii) the amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years; plus

C o p y

(iii) the original amount of an excessive tax levy the school corporation imposed as a result of the passage, during the preceding year, of a referendum under IC 6-1.1-19-4.5(c) for taxes first due and payable during the year; plus

(iv) the part of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

STEP TWO: Determine the remainder of:

(A) the STEP ONE amount; minus

(B) the sum of:

(i) the school corporation's tuition support levy; plus

(ii) the school corporation's excise tax revenue for the year that precedes the current year by one (1) year; **minus**

(C) for the last six (6) months of calendar year 2002 and the first six (6) months of calendar year 2003, the product of:

(i) the school corporation's assessed valuation for calendar year 2002 divided by one hundred (100); and

(ii) the lesser of three hundred twenty-eight ten-thousandths (0.0328) or the school corporation's capital projects fund tax rate for calendar year 2002 multiplied by five-tenths (0.5); plus

(D) for calendar year 2004, the school corporation's excise tax revenue for the year immediately preceding the current year divided by two (2).

If the state tuition support determined for a school corporation under this section is negative, the school corporation is not entitled to any state tuition support. In addition, the school corporation's maximum general fund levy under IC 6-1.1-19-1.5 shall be reduced by the amount of the negative result.

SECTION 292. IC 21-3-1.7-9, AS AMENDED BY P.L.291-2001, SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9. (a) Subject to the amount appropriated by the general assembly for tuition support, the amount that a school corporation is entitled to receive in tuition support for a year is the amount determined in section 8 of this chapter.

(b) If the total amount to be distributed as tuition support under this chapter, for enrollment adjustment grants under section 9.5 of this chapter, for at-risk programs under section 9.7 of this chapter, for academic honors diploma awards under section 9.8 of this chapter, **and** for primetime distributions under IC 21-1-30 and as special and

C o p y

vocational education grants ~~under IC 21-3-1.8-3 or IC 21-3-10~~ for a particular year, exceeds:

(1) three billion three hundred sixty-three million four hundred thousand dollars ($3,363,400,000) in 2001;

(2) ~~three billion four hundred seventy-one million one hundred thousand dollars ($3,471,100,000)~~ **three billion four hundred thirteen million four hundred thousand dollars ($3,413,400,000)** in 2002; and

(3) ~~three billion five hundred ninety-four million two hundred thousand dollars ($3,594, 200,000)~~ **three billion five hundred thirty-six million, five hundred thousand dollars ($3,536,500,000)** in 2003;

the amount to be distributed for tuition support under this chapter to each school corporation during each of the last six (6) months of the year shall be reduced by the same dollar amount per ADM (as adjusted by IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.

SECTION 293. IC 21-4-20-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. Whenever it is found by the board of school trustees or other proper authorities of any school city or school town that an emergency exists for the borrowing of money with which to meet the current expenses of the schools of such school town or school city, the board of school trustees or other proper authorities of such school city or school town may make temporary loans in anticipation of the current revenues of such school town or school city to an amount not exceeding fifty per cent (50%) of the amount of:

(1) taxes actually levied and in the course of collection; **and**

(2) state tuition support received;

for the fiscal year in which such loans are made. Revenues shall be deemed to be current and taxes shall be deemed to have been actually levied and in the course of collection when the budget levy and rate shall have been finally approved by the ~~state board of tax commissioners: Provided,~~ **department of local government finance.** However, ~~That~~ in all second and third class school cities, no such loans shall be borrowed in excess of the sum of twenty thousand dollars ($20,000) until the letting of the same shall have been advertised once each week for two (2) successive weeks in two (2) newspapers of general circulation published in such school city, and until sealed bids have been submitted at a regular meeting of the school board of such school city, pursuant to such notices, stipulating the rate of interest to be charged by such bidder. ~~and Provided, further, That~~ Such school

C o p y

loans shall be made with the bidder submitting the lowest rate of interest and submitting with ~~his~~ **the bidder's** bid an affidavit showing that no collusion exists between ~~himself~~ **the bidder** and any other bidder for such loan.

SECTION 294. IC 21-5-11-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. All property owned by a lessor corporation so contracting with such school corporation or corporations under the provisions of this chapter, and all stock and other securities including the interest or dividends thereon issued by a lessor corporation, shall be exempt from all state, county, and other taxes, ~~including the gross income tax,~~ except, however, the financial institutions tax **(IC 6-5.5)** and inheritance taxes ~~The rental paid to a lessor corporation under the terms of such a contract of lease shall be exempt from the gross income tax.~~ **(IC 6-4.1).**

SECTION 295. IC 25-37-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. Any transient merchant desiring to transact business in any county in this state shall file application for a license for that purpose with the auditor of the county in this state in which such transient merchant desires to do business. The application shall state the following facts:

(a) The name, residence and post-office address of the person, firm, limited liability company, or corporation making the application, and if a firm, limited liability company, or corporation, the name and address of the members of the firm or limited liability company, or officers of the corporation, as the case may be.

(b) If the applicant is a corporation or limited liability company then there shall be stated on the application form the date of incorporation or organization, the state of incorporation or organization, and if the applicant is a corporation or limited liability company formed in a state other than the state of Indiana, the date on which such corporation or limited liability company qualified to transact business as a foreign corporation or foreign limited liability company in the state of Indiana.

(c) A statement showing the kind of business proposed to be conducted, the length of time for which the applicant desires to transact business, and if for the purpose of transacting such business any permanent or mobile building, structure or real estate is to be used for the exhibition by means of samples, catalogues, photographs and price lists or sale of goods, wares or merchandise, the location of such proposed place of business.

(d) A detailed inventory and description of such goods, wares, and merchandise to be offered for sale or sold, the manner in which the same is to be advertised for sale and the representations to be made in

C o p y

connection therewith, the names of the persons from whom the goods, wares, and merchandise so to be advertised or represented were obtained, the date of receipt of such goods, wares, and merchandise by the applicant for the license, the place from which the same were last taken, and any and all details necessary to locate and identify all goods, wares and merchandise to be sold.

(e) Attached to the application shall be a receipt showing that personal property taxes on the goods, wares and merchandise to be offered for sale or sold have been paid.

(f) Attached to the application shall be a copy of a notice, which ten (10) days before said application has been filed, shall have been mailed by registered mail by the applicant to the Indiana department of state revenue. ~~of the state of Indiana or such other department as may be charged with the duty of collecting gross income taxes or other taxes of a comparable nature or which may be in lieu of such gross income taxes.~~ The said notice shall state the precise period of time and location from which said applicant intends to transact business, the approximate value of the goods, wares, and merchandise to be offered for sale or sold, and such other information as the Indiana department of state revenue of the state of Indiana or its successor may request or by regulation require.

(g) Said application shall be verified.

SECTION 296. IC 27-1-18-2, AS AMENDED BY P.L.144-2000, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Every insurance company not organized under the laws of this state, and each domestic company electing to be taxed under this section, and doing business within this state shall, on or before March 1 of each year, report to the department, under the oath of the president and secretary, the gross amount of all premiums received by it on policies of insurance covering risks within this state, or in the case of marine or transportation risks, on policies made, written, or renewed within this state during the twelve (12) month period ending on December 31 of the preceding calendar year. From the amount of gross premiums described in this subsection shall be deducted:

(1) considerations received for reinsurance of risks within this state from companies authorized to transact an insurance business in this state;

(2) the amount of dividends paid or credited to resident insureds, or used to reduce current premiums of resident insureds;

(3) the amount of premiums actually returned to residents on account of applications not accepted or on account of policies not

C o p y

delivered; and

(4) the amount of unearned premiums returned on account of the cancellation of policies covering risks within the state.

(b) A domestic company shall be taxed under this section only in each calendar year with respect to which it files a notice of election. The notice of election shall be filed with the insurance commissioner and the commissioner of the department of state revenue on or before November 30 in each year and shall state that the domestic company elects to submit to the tax imposed by this section with respect to the calendar year commencing January 1 next following the filing of the notice. The exemption from license fees, privilege, or other taxes accorded by this section to insurance companies not organized under the laws of this state and doing business within this state which are taxed under this chapter shall be applicable to each domestic company in each calendar year with respect to which it is taxed under this section. In each calendar year with respect to which a domestic company has not elected to be taxed under this section it shall be taxed without regard to this section.

(c) For the privilege of doing business in this state, every insurance company required to file the report provided in this section shall pay into the treasury of this state an amount equal to the excess, if any, of the gross premiums over the allowable deductions multiplied by the following rate for the year that the report covers:

(1) For 2000, two percent (2%).

(2) For 2001, one and nine-tenths percent (1.9%).

(3) For 2002, one and eight-tenths percent (1.8%).

(4) For 2003, one and ~~seven-tenths~~ **eight-tenths** percent ~~(1.7%).~~ **(1.8%).**

(5) For 2004, one and ~~five-tenths~~ **eight-tenths** percent ~~(1.5%).~~ **(1.8%).**

(6) For 2005, ~~and thereafter,~~ one and ~~three-tenths~~ **seven-tenths** percent ~~(1.3%).~~ **(1.7%).**

(7) For 2006, one and five-tenths percent (1.5%).

(8) For 2007 and thereafter, one and three-tenths percent (1.3%).

(d) Payments of the tax imposed by this section shall be made on a quarterly estimated basis. The amounts of the quarterly installments shall be computed on the basis of the total estimated tax liability for the current calendar year and the installments shall be due and payable on or before April 15, June 15, September 15, and December 15, of the current calendar year.

(e) Any balance due shall be paid in the next succeeding calendar

C o p y

year at the time designated for the filing of the annual report with the department.

(f) Any overpayment of the estimated tax during the preceding calendar year shall be allowed as a credit against the liability for the first installment of the current calendar year.

(g) In the event a company subject to taxation under this section fails to make any quarterly payment in an amount equal to at least:

(1) twenty-five percent (25%) of the total tax paid during the preceding calendar year; or

(2) twenty per cent (20%) of the actual tax for the current calendar year;

the company shall be liable, in addition to the amount due, for interest in the amount of one percent (1%) of the amount due and unpaid for each month or part of a month that the amount due, together with interest, remains unpaid. This interest penalty shall be exclusive of and in addition to any other fee, assessment, or charge made by the department.

(h) The taxes under this article shall be in lieu of all license fees or privilege or other tax levied or assessed by this state or by any municipality, county, or other political subdivision of this state. No municipality, county, or other political subdivision of this state shall impose any license fee or privilege or other tax upon any insurance company or any of its agents for the privilege of doing an insurance business therein, except the tax authorized by IC 22-12-6-5. However, the taxes authorized under IC 22-12-6-5 shall be credited against the taxes provided under this chapter. This section shall not be construed to prohibit the levy and collection of state, county, or municipal taxes upon real and tangible personal property of such company, or to prohibit the levy of any retaliatory tax, fine, penalty, or fee provided by law. However, all insurance companies, foreign or domestic, paying taxes in this state predicated in part on their premium income from policies sold and premiums received in Indiana, shall have the same rights and privileges from further taxation and shall be given the same credits wherever applicable, as those set out for those companies paying only a tax on premiums as set out in this section.

(i) Any insurance company failing or refusing, for more than thirty (30) days, to render an accurate account of its premium receipts as provided in this section and pay the tax due thereon shall be subject to a penalty of one hundred dollars ($100) for each additional day such report and payment shall be delayed, not to exceed a maximum penalty of ten thousand dollars ($10,000). The penalty may be ordered by the commissioner after a hearing under IC 4-21.5-3. The commissioner

C o p y

may revoke all authority of such defaulting company to do business within this state, or suspend such authority during the period of such default, in the discretion of the commissioner.

SECTION 297. IC 27-6-8-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) Member insurers, which during any preceding calendar year shall have paid one (1) or more assessments levied pursuant to section 7 of this chapter, shall be allowed a credit against premium taxes, ~~corporate gross income taxes,~~ adjusted gross income taxes, ~~supplemental corporate net income tax,~~ **business activity fees,** or any combination thereof, ~~or similar taxes~~ upon revenue or income of member insurers which may be imposed by the state, up to twenty percent (20%) of the assessment described in section 7 of this chapter for each calendar year following the year the assessment was paid until the aggregate of all assessments paid to the guaranty association shall have been offset by either credits against such taxes or refunds from the association. The provisions herein are applicable to all assessments levied after the passage of this article.

(b) To the extent a member insurer elects not to utilize the tax credits authorized by subsection (a), the member insurer may utilize the provisions of ~~this~~ subsection (c) as a secondary method of recoupment.

(c) The rates and premiums charged for insurance policies to which this chapter applies shall include amounts sufficient to recoup a sum equal to the amounts paid to the association by the member insurer less any amounts returned to the member insurer by the association and the rates shall not be deemed excessive because they contain an amount reasonably calculated to recoup assessments paid by the member insurer.

SECTION 298. 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 o p y

(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 299. 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

C o p y

(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

C o p y

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.

SECTION 300. IC 27-8-8-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 16. Member insurers who, during any preceding calendar year, have paid one (1) or more assessments levied under this chapter may either:

(1) take as a credit against premium taxes, ~~gross income taxes,~~ adjusted gross income taxes, ~~supplemental corporate net income tax,~~ **business activity fees,** or any combination of them, ~~or similar taxes~~ upon revenue or income of member insurers that may be imposed by Indiana up to twenty percent (20%) of an assessment described in section 6 of this chapter for each calendar year following the year in which those assessments were paid until the aggregate of those assessments have been offset by either credits against those taxes or refunds from the association; or

(2) include in the rates and premiums charged for insurance policies to which this chapter applies amounts sufficient to recoup a sum equal to the amounts paid to the association by the member less any amounts returned to the member insurer by the association and the rates are not excessive by virtue of including an amount reasonably calculated to recoup assessments paid by the member.

SECTION 301. IC 27-8-10-2.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.1. (a) There is established a nonprofit legal entity to be referred to as the Indiana comprehensive health insurance association, which must assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the association for coverage. All carriers, health maintenance organizations, limited service health maintenance organizations, and self-insurers providing health insurance or health care services in Indiana must be members of the association. The association shall operate under a plan of operation established and approved under subsection (c) and shall exercise its powers through a board of directors established under this section.

(b) The board of directors of the association consists of seven (7) members whose principal residence is in Indiana selected as follows:

(1) Three (3) members to be appointed by the commissioner from

C o p y

the members of the association, one (1) of which must be a representative of a health maintenance organization.

(2) Two (2) members to be appointed by the commissioner shall be consumers representing policyholders.

(3) Two (2) members shall be the state budget director or designee and the commissioner of the department of insurance or designee.

The commissioner shall appoint the chairman of the board, and the board shall elect a secretary from its membership. The term of office of each appointed member is three (3) years, subject to eligibility for reappointment. Members of the board who are not state employees may be reimbursed from the association's funds for expenses incurred in attending meetings. The board shall meet at least semiannually, with the first meeting to be held not later than May 15 of each year.

(c) The association shall submit to the commissioner a plan of operation for the association and any amendments to the plan necessary or suitable to assure the fair, reasonable, and equitable administration of the association. The plan of operation becomes effective upon approval in writing by the commissioner consistent with the date on which the coverage under this chapter must be made available. The commissioner shall, after notice and hearing, approve the plan of operation if the plan is determined to be suitable to assure the fair, reasonable, and equitable administration of the association and provides for the sharing of association losses on an equitable, proportionate basis among the member carriers, health maintenance organizations, limited service health maintenance organizations, and self-insurers. If the association fails to submit a suitable plan of operation within one hundred eighty (180) days after the appointment of the board of directors, or at any time thereafter the association fails to submit suitable amendments to the plan, the commissioner shall adopt rules under IC 4-22-2 necessary or advisable to implement this section. These rules are effective until modified by the commissioner or superseded by a plan submitted by the association and approved by the commissioner. The plan of operation must:

(1) establish procedures for the handling and accounting of assets and money of the association;

(2) establish the amount and method of reimbursing members of the board;

(3) establish regular times and places for meetings of the board of directors;

(4) establish procedures for records to be kept of all financial transactions, and for the annual fiscal reporting to the

C o p y

commissioner;

(5) establish procedures whereby selections for the board of directors will be made and submitted to the commissioner for approval;

(6) contain additional provisions necessary or proper for the execution of the powers and duties of the association; and

(7) establish procedures for the periodic advertising of the general availability of the health insurance coverages from the association.

(d) The plan of operation may provide that any of the powers and duties of the association be delegated to a person who will perform functions similar to those of this association. A delegation under this section takes effect only with the approval of both the board of directors and the commissioner. The commissioner may not approve a delegation unless the protections afforded to the insured are substantially equivalent to or greater than those provided under this chapter.

(e) The association has the general powers and authority enumerated by this subsection in accordance with the plan of operation approved by the commissioner under subsection (c). The association has the general powers and authority granted under the laws of Indiana to carriers licensed to transact the kinds of health care services or health insurance described in section 1 of this chapter and also has the specific authority to do the following:

(1) Enter into contracts as are necessary or proper to carry out this chapter, subject to the approval of the commissioner.

(2) Sue or be sued, including taking any legal actions necessary or proper for recovery of any assessments for, on behalf of, or against participating carriers.

(3) Take legal action necessary to avoid the payment of improper claims against the association or the coverage provided by or through the association.

(4) Establish a medical review committee to determine the reasonably appropriate level and extent of health care services in each instance.

(5) Establish appropriate rates, scales of rates, rate classifications and rating adjustments, such rates not to be unreasonable in relation to the coverage provided and the reasonable operational expenses of the association.

(6) Pool risks among members.

(7) Issue policies of insurance on an indemnity or provision of service basis providing the coverage required by this chapter.

C o p y

(8) Administer separate pools, separate accounts, or other plans or arrangements considered appropriate for separate members or groups of members.

(9) Operate and administer any combination of plans, pools, or other mechanisms considered appropriate to best accomplish the fair and equitable operation of the association.

(10) Appoint from among members appropriate legal, actuarial, and other committees as necessary to provide technical assistance in the operation of the association, policy and other contract design, and any other function within the authority of the association.

(11) Hire an independent consultant.

(12) Develop a method of advising applicants of the availability of other coverages outside the association and may promulgate a list of health conditions the existence of which would deem an applicant eligible without demonstrating a rejection of coverage by one (1) carrier.

(13) Provide for the use of managed care plans for insureds, including the use of:

(A) health maintenance organizations; and

(B) preferred provider plans.

(14) Solicit bids directly from providers for coverage under this chapter.

(f) Rates for coverages issued by the association may not be unreasonable in relation to the benefits provided, the risk experience, and the reasonable expenses of providing the coverage. Separate scales of premium rates based on age apply for individual risks. Premium rates must take into consideration the extra morbidity and administration expenses, if any, for risks insured in the association. The rates for a given classification may not be more than one hundred fifty percent (150%) of the average premium rate for that class charged by the five (5) carriers with the largest premium volume in the state during the preceding calendar year. In determining the average rate of the five (5) largest carriers, the rates charged by the carriers shall be actuarially adjusted to determine the rate that would have been charged for benefits identical to those issued by the association. All rates adopted by the association must be submitted to the commissioner for approval.

(g) Following the close of the association's fiscal year, the association shall determine the net premiums, the expenses of administration, and the incurred losses for the year. Any net loss shall be assessed by the association to all members in proportion to their respective shares of total health insurance premiums, excluding

C o p y

premiums for Medicaid contracts with the state of Indiana, received in Indiana during the calendar year (or with paid losses in the year) coinciding with or ending during the fiscal year of the association or any other equitable basis as may be provided in the plan of operation. For self-insurers, health maintenance organizations, and limited service health maintenance organizations that are members of the association, the proportionate share of losses must be determined through the application of an equitable formula based upon claims paid, excluding claims for Medicaid contracts with the state of Indiana, or the value of services provided. In sharing losses, the association may abate or defer in any part the assessment of a member, if, in the opinion of the board, payment of the assessment would endanger the ability of the member to fulfill its contractual obligations. The association may also provide for interim assessments against members of the association if necessary to assure the financial capability of the association to meet the incurred or estimated claims expenses or operating expenses of the association until the association's next fiscal year is completed. Net gains, if any, must be held at interest to offset future losses or allocated to reduce future premiums. Assessments must be determined by the board members specified in subsection (b)(1), subject to final approval by the commissioner.

(h) The association shall conduct periodic audits to assure the general accuracy of the financial data submitted to the association, and the association shall have an annual audit of its operations by an independent certified public accountant.

(i) The association is subject to examination by the department of insurance under IC 27-1-3.1. The board of directors shall submit, not later than March 30 of each year, a financial report for the preceding calendar year in a form approved by the commissioner.

(j) All policy forms issued by the association must conform in substance to prototype forms developed by the association, must in all other respects conform to the requirements of this chapter, and must be filed with and approved by the commissioner before their use.

(k) The association may not issue an association policy to any individual who, on the effective date of the coverage applied for, does not meet the eligibility requirements of section 5.1 of this chapter.

(l) The association shall pay an agent's referral fee of twenty-five dollars ($25) to each insurance agent who refers an applicant to the association if that applicant is accepted.

(m) The association and the premium collected by the association shall be exempt from the premium tax, ~~the gross income tax,~~ the adjusted gross income tax, ~~supplemental corporate net income,~~ or any

C o p y

combination of these, ~~or similar taxes~~ upon revenues or income that may be imposed by the state.

(n) Members who after July 1, 1983, during any calendar year, have paid one (1) or more assessments levied under this chapter may either:

(1) take a credit against premium taxes, ~~gross income taxes,~~ adjusted gross income taxes, ~~supplemental corporate net income taxes,~~ **business activity fees,** or any combination of these, or similar taxes upon revenues or income of member insurers that may be imposed by the state, up to the amount of the taxes due for each calendar year in which the assessments were paid and for succeeding years until the aggregate of those assessments have been offset by either credits against those taxes or refunds from the association; or

(2) any member insurer may include in the rates for premiums charged for insurance policies to which this chapter applies amounts sufficient to recoup a sum equal to the amounts paid to the association by the member less any amounts returned to the member insurer by the association, and the rates shall not be deemed excessive by virtue of including an amount reasonably calculated to recoup assessments paid by the member.

(o) The association shall provide for the option of monthly collection of premiums.

SECTION 302. IC 27-13-18-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) If for any reason the plan of the health maintenance organization under IC 27-13-16 does not provide for continuation of benefits as required by IC 27-13-16-1, the liquidator shall assess, or cause to be assessed, each licensed health maintenance organization doing business in Indiana. The amount that each licensed health maintenance organization is assessed must be based on the ratio of the amount of all subscriber premiums received by the health maintenance organization for contracts issued in Indiana for the previous calendar year to the amount of the total subscriber premiums received by all licensed health maintenance organizations for contracts issued in Indiana for the previous calendar year.

(b) The total assessments of health maintenance organizations under subsection (a) must equal an amount sufficient to provide for continuation of benefits as required by IC 27-13-16-1 to enrollees covered under contracts issued by the health maintenance organization to subscribers located in Indiana, and to pay administrative expenses.

(c) The total amount of all assessments to be paid by a health maintenance organization in any one (1) calendar year may not exceed

C o p y

one percent (1%) of the premiums received by the health maintenance organization from business in Indiana during the calendar year preceding the assessment.

(d) If the total amount of all assessments in any one (1) calendar year does not provide an amount sufficient to meet the requirements of subsection (a), additional funds must be assessed in succeeding calendar years.

(e) Health maintenance organizations that, during any preceding calendar year, have paid one (1) or more assessments levied under this section may either:

(1) take as a credit against ~~gross income taxes,~~ adjusted gross income taxes, ~~supplemental corporate net income taxes,~~ **business activity fees,** or any combination of these, or similar taxes upon revenue or income of health maintenance organizations that may be imposed by Indiana up to twenty percent (20%) of any assessment described in this section for each calendar year following the year in which those assessments were paid until the aggregate of those assessments have been offset; or

(2) include in the premiums charged for coverage to which this article applies amounts sufficient to recoup a sum equal to the amounts paid in assessments as long as the premiums are not excessive by virtue of including an amount reasonably calculated to recoup assessments paid by the health maintenance organization.

SECTION 303. IC 29-3-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. Except as otherwise determined in a dissolution of marriage proceeding, a custody proceeding, or in some other proceeding authorized by law, including a proceeding under section 6 of this chapter or another proceeding under this article, and unless a minor is married, the parents of the minor jointly (or the survivor if one (1) parent is deceased), if not an incapacitated person, have, without the appointment of a guardian, giving of bond, or order or confirmation of court, the right to custody of the person of the minor and the power to execute the following on behalf of the minor:

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

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

C o p y

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

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

(5) Consents, waivers of notice, or powers of attorney under any statute, including the Indiana inheritance tax law (IC 6-4.1) ~~the Indiana gross income tax~~ law ~~(IC 6-2.1),~~ and the Indiana adjusted gross income tax law (IC 6-3).

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

(7) Federal and state income tax returns.

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

SECTION 304. IC 34-6-2-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 20. "Charitable entity", for purposes of IC 34-30-5, means any entity exempted from ~~the Indiana~~ **state** gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20.~~ **IC 6-2.5-5-21(b)(1)(B).**

SECTION 305. IC 36-7-13-3.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3.8. As used in this chapter, "state and local income taxes" means taxes imposed under any of the following:

(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)~~ **(3)** IC 6-3.5-1.1 (county adjusted gross income tax).

~~(5)~~ **(4)** IC 6-3.5-6 (county option income tax).

~~(6)~~ **(5)** IC 6-3.5-7 (county economic development income tax).

SECTION 306. IC 36-7-13-15, AS AMENDED BY P.L.174-2001, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) If an advisory commission on industrial development designates a district under this chapter or the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter, the treasurer of state shall establish an incremental tax financing fund for the county. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for the county under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that

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are remitted under IC 6-2.5 by businesses operating in the district, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the district.

(2) The aggregate amount of state and local income taxes paid by employees employed in the district with respect to wages earned for work in the district, until the amount of state and local income taxes deposited equals the income tax incremental amount.

(c) The aggregate amount of revenues that is:

(1) attributable to:

(A) the state gross retail and use taxes established under IC 6-2.5;

(B) the gross income tax established under IC 6-2.1; **and**

(C) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and

~~(D) the supplemental net income tax established under IC 6-3-8; and~~

(2) deposited during any state fiscal year in each incremental tax financing fund established for a county;

may not exceed one million dollars ($1,000,000) per county.

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a county shall be distributed to the district's advisory commission on industrial development for deposit in the industrial development fund of the unit that requested designation of the district.

SECTION 307. IC 36-7-14-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax

C o p y

commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed

C o p y

under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by

C o p y

the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements in or serving that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) in or serving that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in or serving that allocation area under any lease entered into under IC 36-1-10.

(I) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~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

C o p y

taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the commission.

(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

C o p y

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the

C o p y

amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the portion of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and state board of tax commissioners shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the state board of tax commissioners shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The state board of tax commissioners may prescribe procedures for county and township officials to follow to assist the state board in making the adjustments.

SECTION 308. IC 36-7-14-39.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 39.5. (a) As used in this section, "allocation area" has the meaning set forth in section 39 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

C o p y

(c) Subject to subsection (e), each taxpayer in an allocation area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 39 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into an allocation fund under section 39(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the redevelopment commission, the municipal legislative body (in the case of a redevelopment commission established by a municipality) or the county executive (in the case of a redevelopment commission established by a county) may, by resolution, provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in

C o p y

a specified allocation area.

(f) Whenever the municipal legislative body or county executive determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution under subsection (e) to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the year in which the resolution is adopted.

(g) A resolution adopted under subsection (e) remains in effect until it is rescinded by the body that originally adopted it. However, a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

SECTION 309. IC 36-7-14.5-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 12.5. (a) This section applies only to an authority in a county having a United States government military base that is scheduled for closing or is completely or partially inactive or closed.

(b) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may create an economic development area:

(1) by following the procedures set forth in IC 36-7-14-41 for the establishment of an economic development area by a redevelopment commission; and

(2) with the same effect as if the economic development area was created by a redevelopment commission.

However, an authority may not include in an economic development area created under this section any area that was declared a blighted area, an urban renewal area, or an economic development area under IC 36-7-14.

(c) In order to accomplish the purposes set forth in section 11(b) of

C o p y

this chapter, an authority may do the following in a manner that serves an economic development area created under this section:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of economic development areas located within the corporate boundaries of the unit.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of economic development areas on the terms and conditions that the authority considers best for the unit and the unit's inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Repair and maintain structures acquired for redevelopment purposes.

(6) Remodel, rebuild, enlarge, or make major structural improvements on structures acquired for redevelopment purposes.

(7) Survey or examine any land to determine whether the land should be included within an economic development area to be acquired for redevelopment purposes and to determine the value of that land.

(8) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any economic development area within the jurisdiction of the authority.

(9) Institute or defend in the name of the unit any civil action, but all actions against the authority must be brought in the circuit or superior court of the county where the authority is located.

(10) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the authority.

(11) Exercise the power of eminent domain in the name of and within the corporate boundaries of the unit subject to the same conditions and procedures that apply to the exercise of the power

C o p y

of eminent domain by a redevelopment commission under IC 36-7-14.

(12) Appoint an executive director, appraisers, real estate experts, engineers, architects, surveyors, and attorneys.

(13) Appoint clerks, guards, laborers, and other employees the authority considers advisable, except that those appointments must be made in accordance with the merit system of the unit if such a system exists.

(14) Prescribe the duties and regulate the compensation of employees of the authority.

(15) Provide a pension and retirement system for employees of the authority by using the public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development.

(16) Discharge and appoint successors to employees of the authority subject to subdivision (13).

(17) Rent offices for use of the department or authority, or accept the use of offices furnished by the unit.

(18) Equip the offices of the authority with the necessary furniture, furnishings, equipment, records, and supplies.

(19) Design, order, contract for, and construct, reconstruct, improve, or renovate the following:

(A) Any local public improvement or structure that is necessary for redevelopment purposes or economic development within the corporate boundaries of the unit.

(B) Any structure that enhances development or economic development.

(20) Contract for the construction, extension, or improvement of pedestrian skyways (as defined in IC 36-7-14-12.2(c)).

(21) Accept loans, grants, and other forms of financial assistance from, or contract with, the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

(22) Make and enter into all contracts and agreements necessary or incidental to the performance of the duties of the authority and the execution of the powers of the authority under this chapter.

(23) Take any action necessary to implement the purpose of the authority.

(24) Provide financial assistance, in the manner that best serves the purposes set forth in section 11(b) of this chapter, including grants and loans, to enable private enterprise to develop, redevelop, and reuse military base property or otherwise enable

C o p y

private enterprise to provide social and economic benefits to the citizens of the unit.

(d) An authority may designate all or a portion of an economic development area created under this section as an allocation area by following the procedures set forth in IC 36-7-14-39 for the establishment of an allocation area by a redevelopment commission. The allocation provision may modify the definition of "property taxes" under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the depreciable personal property located and taxable on the site of operations of designated taxpayers in accordance with the procedures applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3 applies to such a modification. An allocation area established by an authority under this section is a special taxing district authorized by the general assembly to enable the unit to provide special benefits to taxpayers in the allocation area by promoting economic development that is of public use and benefit. For allocation areas established for an economic development area created under this section after June 30, 1997, and to the expanded portion of an allocation area for an economic development area that was established before June 30, 1997, and that is expanded under this section after June 30, 1997, the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date, must be allocated. All of the provisions of IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an allocation area created under this section, except that the authority shall be vested with the rights and duties of a commission as referenced in those sections, and except that, notwithstanding IC 36-7-14-39(b)(2), property tax proceeds paid into the allocation fund may be used by the authority only to do one (1) or more of the following:

(1) Pay the principal of and interest and redemption premium on any obligations incurred by the special taxing district or any other entity for the purpose of financing or refinancing military base reuse activities in or serving or benefitting that allocation area.

(2) Establish, augment, or restore the debt service reserve for obligations payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the authority (including lease rental revenues).

(3) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(4) Reimburse any other governmental body for expenditures made by it for local public improvements or structures in or serving or benefitting that allocation area.

C o p y

(5) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) 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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under IC 36-7-14-39.5 in the same year.

(6) Pay expenses incurred by the authority for local public improvements or structures that are in the allocation area or serving or benefiting the allocation area.

(7) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(A) in the allocation area; and

(B) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in clause (B). The reimbursements under this subdivision must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made. The allocation fund may not be used for operating expenses of the authority.

C o p y

(e) In addition to other methods of raising money for property acquisition, redevelopment, or economic development activities in or directly serving or benefitting an economic development area created by an authority under this section, and in anticipation of the taxes allocated under subsection (d), other revenues of the authority, or any combination of these sources, the authority may, by resolution, issue the bonds of the special taxing district in the name of the unit. Bonds issued under this section may be issued in any amount without limitation. The following apply if such a resolution is adopted:

(1) The authority shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(2) The bonds must be executed by the appropriate officer of the unit and attested by the unit's fiscal officer.

(3) The bonds are exempt from taxation for all purposes.

(4) Bonds issued under this section may be sold at public sale in accordance with IC 5-1-11 or at a negotiated sale.

(5) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the authority:

(A) from the tax proceeds allocated under subsection (d);

(B) from other revenues available to the authority; or

(C) from a combination of the methods stated in clauses (A) and (B).

(6) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issuance.

(7) Laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers to remonstrate against the issuance of bonds do not apply to bonds issued under this section.

(8) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest on the bonds as provided in the bond resolution.

(9) If bonds are issued under this chapter that are payable solely or in part from revenues to the authority from a project or projects, the authority may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be

C o p y

reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority. The authority may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the authority that are payable solely from revenues of the authority shall contain a statement to that effect in the form of bond.

(f) Notwithstanding section 8(a) of this chapter, an ordinance adopted under section 11(b) of this chapter may provide, or be amended to provide, that the board of directors of the authority shall be composed of not fewer than three (3) nor more than seven (7) members, who must be residents of the unit appointed by the executive of the unit.

(g) The acquisition of real and personal property by an authority under this section is not subject to the provisions of IC 5-22, IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the purchase of property by public bodies or their agencies.

(h) An authority may negotiate for the sale, lease, or other disposition of real and personal property without complying with the provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other statute governing the disposition of public property.

(i) Notwithstanding any other law, utility services provided within an economic development area established under this section are subject to regulation by the appropriate regulatory agencies unless the utility service is provided by a utility that provides utility service solely within the geographic boundaries of an existing or a closed military installation, in which case the utility service is not subject to regulation for purposes of rate making, regulation, service delivery, or issuance of bonds or other forms of indebtedness. However, this exemption from regulation does not apply to utility service if the service is generated, treated, or produced outside the boundaries of the existing or closed military installation.

SECTION 310. IC 36-7-15.1-26.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 26.5. (a) As used in this section, "adverse determination" means a determination by the fiscal officer of the consolidated city that the granting of credits described in subsection (g) or (h) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund.

(b) As used in this section, "allocation area" has the meaning set forth in section 26 of this chapter.

C o p y

(c) As used in this section, "special fund" refers to the special fund into which property taxes are paid under section 26 of this chapter.

(d) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(e) Except as provided in subsections (g), (h), and (i), each taxpayer in an allocation area is entitled to an additional credit for property taxes that, under IC 6-1.1-22-9, are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 26 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into the special fund.

(f) The credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i), unless the credits under subsections (g) and (h) are partial credits, shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. Except as provided in subsections (h) and (i), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i) shall be combined on the tax statements sent to each taxpayer.

(g) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method provided in subsection (e) may be granted under this subsection. The credit provided under this subsection is first applicable for the

C o p y

allocation area for property taxes first due and payable in 1992. The following apply to the determination of the credit provided under this subsection:

(1) Before June 15 of each year, the fiscal officer of the consolidated city shall determine and certify the following:

(A) All amounts due in the following year to the owners of outstanding bonds payable from the allocation area special fund.

(B) All amounts that are:

(i) required under contracts with bond holders; and

(ii) payable from the allocation area special fund to fund accounts and reserves.

(C) An estimate of the amount of personal property taxes available to be paid into the allocation area special fund under section 26.9(c) of this chapter.

(D) An estimate of the aggregate amount of credits to be granted if full credits are granted.

(2) Before June 15 of each year, the fiscal officer of the consolidated city shall determine if the granting of the full amount of credits in the following year would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund.

(3) If the fiscal officer of the consolidated city determines under subdivision (2) that there would not be an impairment or adverse effect:

(A) the fiscal officer of the consolidated city shall certify the determination; and

(B) the full credits shall be applied in the following year, subject to the determinations and certifications made under section 26.7(b) of this chapter.

(4) If the fiscal officer of the consolidated city makes an adverse determination under subdivision (2), the fiscal officer of the consolidated city shall determine whether there is an amount of partial credits that, if granted in the following year, would not result in the impairment or adverse effect. If the fiscal officer determines that there is an amount of partial credits that would not result in the impairment or adverse effect, the fiscal officer shall do the following:

(A) Determine the amount of the partial credits.

(B) Certify that determination.

(5) If the fiscal officer of the consolidated city certifies under subdivision (4) that partial credits may be paid, the partial credits

C o p y

shall be applied pro rata among all affected taxpayers in the following year.

(6) An affected taxpayer may appeal any of the following to the circuit or superior court of the county in which the allocation area is located:

(A) A determination by the fiscal officer of the consolidated city that:

(i) credits may not be paid in the following year; or

(ii) only partial credits may be paid in the following year.

(B) A failure by the fiscal officer of the consolidated city to make a determination by June 15 of whether full or partial credits are payable under this subsection.

(7) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination.

(8) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether the credits are payable under this subsection must be filed by July 15 of the year in which the determination should have been made.

(9) All appeals under subdivision (6) shall be decided by the court within sixty (60) days.

(h) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method in subsection (e) and in subdivision (2) of this subsection may be granted under this subsection. The following apply to the credit granted under this subsection:

(1) The credit is applicable to property taxes first due and payable in 1991.

(2) For purposes of this subsection, the amount of a credit for 1990 taxes payable in 1991 with respect to an affected taxpayer is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e); multiplied by

(B) the total amount of the property taxes payable by the taxpayer that were allocated in 1991 to the allocation area special fund under section 26 of this chapter.

(3) Before June 15, 1991, the fiscal officer of the consolidated city shall determine and certify an estimate of the aggregate amount of credits for 1990 taxes payable in 1991 if the full credits are granted.

(4) The fiscal officer of the consolidated city shall determine whether the granting of the full amounts of the credits for 1990

C o p y

taxes payable in 1991 against 1991 taxes payable in 1992 and the granting of credits under subsection (g) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund for an allocation area described in subsection (g).

(5) If the fiscal officer of the consolidated city determines that there would not be an impairment or adverse effect under subdivision (4):

(A) the fiscal officer shall certify that determination; and

(B) the full credits shall be applied against 1991 taxes payable in 1992 or the amount of the credits shall be paid to the taxpayers as provided in subdivision (12), subject to the determinations and certifications made under section 26.7(b) of this chapter.

(6) If the fiscal officer of the consolidated city makes an adverse determination under subdivision (4), the fiscal officer shall determine whether there is an amount of partial credits for 1990 taxes payable in 1991 that, if granted against 1991 taxes payable in 1992 in addition to granting of the credits under subsection (g), would not result in the impairment or adverse effect.

(7) If the fiscal officer of the consolidated city determines under subdivision (6) that there is an amount of partial credits that would not result in the impairment or adverse effect, the fiscal officer shall determine the amount of partial credits and certify that determination.

(8) If the fiscal officer of the consolidated city certifies under subdivision (7) that partial credits may be paid, the partial credits shall be applied pro rata among all affected taxpayers against 1991 taxes payable in 1992.

(9) An affected taxpayer may appeal any of the following to the circuit or superior court of the county in which the allocation area is located:

(A) A determination by the fiscal officer of the consolidated city that:

(i) credits may not be paid for 1990 taxes payable in 1991; or

(ii) only partial credits may be paid for 1990 taxes payable in 1991.

(B) A failure by the fiscal officer of the consolidated city to make a determination by June 15, 1991, of whether credits are payable under this subsection.

(10) An appeal of a determination must be filed not later than

C o p y

thirty (30) days after the publication of the determination. Any such appeal shall be decided by the court within sixty (60) days.

(11) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether credits are payable under this subsection must be filed by July 15, 1991. Any such appeal shall be decided by the court within sixty (60) days.

(12) If 1991 taxes payable in 1992 with respect to a parcel are billed to the same taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall apply to the tax bill for 1991 taxes payable in 1992 both the credit provided under subsection (g) and the credit provided under this subsection, along with any credit determined to be applicable to the tax bill under subsection (i). In the alternative, at the election of the county auditor, the county may pay to the taxpayer the amount of the credit by May 10, 1992, and the amount shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(13) If 1991 taxes payable in 1992 with respect to a parcel are billed to a taxpayer other than the taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (i) to the tax bill for 1991 taxes payable in 1992.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit under this subsection.

A taxpayer entitled to a credit must file an application for refund of the credit with the county auditor not later than November 30, 1991.

(14) A taxpayer who files an application by November 30, 1991, is entitled to payment from the county treasurer in an amount that is in the same proportion to the credit provided under this subsection with respect to a parcel as the amount of 1990 taxes payable in 1991 paid by the taxpayer with respect to the parcel bears to the 1990 taxes payable in 1991 with respect to the parcel. This amount shall be paid to the taxpayer by May 10, 1992, and shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(i) This subsection applies to an allocation area if allocated taxes

C o p y

from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. The following apply to the credit granted under this subsection:

(1) A prior year credit is applicable to property taxes first due and payable in each year from 1987 through 1990 (the "prior years").

(2) The credit for each prior year is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e) for the prior year; multiplied by

(B) the total amount of the property taxes paid by the taxpayer that were allocated in the prior year to the allocation area special fund under section 26 of this chapter.

(3) Before January 31, 1992, the county auditor shall determine the amount of credits under subdivision (2) with respect to each parcel in the allocation area for all prior years with respect to which:

(A) taxes were billed to the same taxpayer for taxes payable in each year from 1987 through 1991; or

(B) an application was filed by November 30, 1991, under subdivision (8) for refund of the credits for prior years.

A report of the determination by parcel shall be sent by the county auditor to the state board of tax commissioners and the budget agency within five (5) days of such determination.

(4) Before January 31, 1992, the county auditor shall determine the quotient of the amounts determined under subdivision (3) with respect to each parcel divided by six (6).

(5) Before January 31, 1992, the county auditor shall determine the quotient of the aggregate amounts determined under subdivision (3) with respect to all parcels divided by twelve (12).

(6) Except as provided in subdivisions (7) and (9), in each year in which credits from prior years remain unpaid, credits for the prior years in the amounts determined under subdivision (4) shall be applied as provided in this subsection.

(7) If taxes payable in the current year with respect to a parcel are billed to the same taxpayer to which taxes payable in all of the prior years were billed and if the amount determined under subdivision (3) with respect to the parcel is at least five hundred dollars ($500), the county treasurer shall apply the credits provided for the current year under subsections (g) and (h) and the credit in the amount determined under subdivision (4) to the tax bill for taxes payable in the current year. However, if the amount determined under subdivision (3) with respect to the parcel is less than five hundred dollars ($500) (referred to in this

C o p y

subdivision as "small claims"), the county may, at the election of the county auditor, either apply a credit in the amount determined under subdivision (3) or subdivision (4) to the tax bill for taxes payable in the current year or pay either amount to the taxpayer. If title to a parcel transfers in a year in which a credit under this subsection is applied to the tax bill, the transferor may file an application with the county auditor within thirty (30) days of the date of the transfer of title to the parcel for payments to the transferor at the same times and in the same amounts that would have been allowed as credits to the transferor under this subsection if there had not been a transfer. If a determination is made by the county auditor to refund or credit small claims in the amounts determined under subdivision (3) in 1992, the county auditor may make appropriate adjustments to the credits applied with respect to other parcels so that the total refunds and credits in any year will not exceed the payments made from the state property tax replacement fund to the prior year credit fund referred to in subdivision (11) in that year.

(8) If taxes payable in the current year with respect to a parcel are billed to a taxpayer that is not a taxpayer to which taxes payable in all of the prior years were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (h) to the tax bill for taxes payable in the current year.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit.

A taxpayer entitled to the credit must file an application for refund of the credit with the county auditor not later than November 30, 1991. A refund shall be paid to an eligible applicant by May 10, 1992.

(9) A taxpayer who filed an application by November 30, 1991, is entitled to payment from the county treasurer under subdivision (8) in an amount that is in the same proportion to the credit determined under subdivision (3) with respect to a parcel as the amount of taxes payable in the prior years paid by the taxpayer with respect to the parcel bears to the taxes payable in the prior years with respect to the parcel.

(10) In each year on May 1 and November 1, the state shall pay to the county treasurer from the state property tax replacement fund the amount determined under subdivision (5).

(11) All payments received from the state under subdivision (10)

C o p y

shall be deposited into a special fund to be known as the prior year credit fund. The prior year credit fund shall be used to make:

(A) payments under subdivisions (7) and (9); and

(B) deposits into the special fund for the application of prior year credits.

(12) All amounts paid into the special fund for the allocation area under subdivision (11) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area.

(13) By January 15, 1993, and by January 15 of each year thereafter, the county auditor shall send to the state board of tax commissioners and the budget agency a report of the receipts, earnings, and disbursements of the prior year credit fund for the prior calendar year. If in the final year that credits under subsection (i) are allowed any balance remains in the prior year credit fund after the payment of all credits payable under this subsection, such balance shall be repaid to the treasurer of state for deposit in the property tax replacement fund.

(14) In each year, the county shall limit the total of all refunds and credits provided for in this subsection to the total amount paid in that year from the property tax replacement fund into the prior year credit fund and any balance remaining from the preceding year in the prior year credit fund.

SECTION 311. IC 36-7-15.1-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 35. (a) Notwithstanding section 26(a) of this chapter, with respect to the allocation and distribution of property taxes for the accomplishment of a program adopted under section 32 of this chapter, "base assessed value" means the net assessed value of all of the land as finally determined for the assessment date immediately preceding the effective date of the allocation provision, as adjusted under section 26(g) of this chapter. However, "base assessed value" does not include the value of real property improvements to the land.

(b) The special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may be used only for purposes related to the accomplishment of the program, including the following:

(1) The construction, rehabilitation, or repair of residential units within the allocation area.

(2) The construction, reconstruction, or repair of infrastructure

C o p y

(such as streets, sidewalks, and sewers) within or serving the allocation area.

(3) The acquisition of real property and interests in real property within the allocation area.

(4) The demolition of real property within the allocation area.

(5) To provide financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

(6) To provide financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).

(7) To provide each taxpayer in the allocation area a credit for property tax replacement as determined under subsections (c) and (d). However, this credit may be provided by the commission only if the city-county legislative body establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 32 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~the amount~~ **ten percent (10%) of the county's total county tax levy payable that year as** determined under IC 6-1.1-21-4(a)(1) that is attributable to the taxing district; by

(B) the amount determined under STEP ONE.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the taxpayer's property taxes levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) The commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c), by applying one-half (1/2) of the credit to each installment of property taxes that under IC 6-1.1-22-9 are due and payable on May 1 and November 1 of a year. The commission

C o p y

must provide for the credit annually by a resolution and must find in the resolution the following:

(1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.

(2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.

(3) If bonds of a lessor under section 17.1 of this chapter or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

If the tax increment is insufficient to grant the credit in full, the commission may grant the credit in part, prorated among all taxpayers.

(e) Notwithstanding section 26(b) of this chapter, the special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may only be used to do one (1) or more of the following:

(1) Accomplish one (1) or more of the actions set forth in section 26(b)(2)(A) through section 26(b)(2)(H) of this chapter.

(2) Reimburse the consolidated city for expenditures made by the city in order to accomplish the housing program in that allocation area.

The special fund may not be used for operating expenses of the commission.

(f) Notwithstanding section 26(b) of this chapter, the commission shall, relative to the special fund established under section 26(b) of this chapter for an allocation area for a program adopted under section 32 of this chapter, do the following before July 15 of each year:

(1) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary:

(A) to make, when due, principal and interest payments on bonds described in section 26(b)(2) of this chapter;

(B) to pay the amount necessary for other purposes described in section 26(b)(2) of this chapter; and

(C) to reimburse the consolidated city for anticipated expenditures described in subsection (e)(2).

(2) Notify the county auditor of the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section

C o p y

26(b)(1) of this chapter.

SECTION 312. IC 36-7-15.1-56, AS ADDED BY P.L.102-1999, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 56. (a) As used in this section, "allocation area" has the meaning set forth in section 53 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e), each taxpayer in an allocation area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 53 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the development district and paid into an allocation fund under section 53(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the commission, the excluded city

C o p y

legislative body may, by resolution, provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) Whenever the excluded city legislative body determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the excluded city legislative body must adopt a resolution under subsection (e) to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the year in which the resolution is adopted.

(g) A resolution adopted under subsection (e) remains in effect until it is rescinded by the body that originally adopted it. However, a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

SECTION 313. IC 36-7-30-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 25. (a) The following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A) or (C), the

C o p y

net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally determined for any subsequent assessment date; plus

(C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

Clause (C) applies only to allocation areas established in a military reuse area after June 30, 1997, and to the portion of an allocation area that was established before June 30, 1997, and that is added to an existing allocation area after June 30, 1997.

(3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A declaratory resolution adopted under section 10 of this chapter before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution in accordance with the procedures set forth in section 13 of this chapter. The allocation provision may apply to all or part of the military base reuse area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the military base reuse district and, when collected, paid into an allocation fund for that allocation area that may be used by the military base reuse district and only to do one (1) or more of the following:

C o p y

(A) Pay the principal of and interest and redemption premium on any obligations incurred by the military base reuse district or any other entity for the purpose of financing or refinancing military base reuse activities in or directly serving or benefiting that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the reuse authority, including lease rental revenues.

(C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefiting that allocation area.

(E) Pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the reuse authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

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.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 27 of this chapter in the same year.

(F) Pay expenses incurred by the reuse authority for local public improvements or structures that were in the allocation

C o p y

area or directly serving or benefiting the allocation area.

(G) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the reuse authority.

(3) Except as provided in subsection (g), before July 15 of each year the reuse authority shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess property taxes that the reuse authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1). The reuse authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 19 of this chapter. Property taxes received by a taxing unit under this subdivision are eligible for the property tax replacement credit provided under IC 6-1.1-21.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

C o p y

(d) Property tax proceeds allocable to the military base reuse district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base reuse district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the reuse authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer

C o p y

for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the state board of tax commissioners shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base reuse district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the military base reuse district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The state board of tax commissioners may prescribe procedures for county and township officials to follow to assist the state board in making the adjustments.

SECTION 314. IC 36-7-30-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 27. (a) As used in this section, "allocation area" has the meaning set forth in section 25 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e), each taxpayer in an allocation area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in

C o p y

the taxing district that would have been allocated to an allocation fund under section 25 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the military base reuse district and paid into an allocation fund under section 25(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the reuse authority, the municipal legislative body (in the case of a reuse authority established by a municipality) or the county executive (in the case of a reuse authority established by a county) may by resolution provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) If the municipal legislative body or county executive determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution under subsection (e) to deny the additional credit or reduce the credit to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the year in which the resolution is adopted.

(g) A resolution adopted under subsection (e) remains in effect until rescinded by the body that originally adopted the resolution. However, a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a

C o p y

resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

SECTION 315. IC 36-7-32 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 32. Certified Technology Parks

Sec. 1. This chapter applies to all units having a department of redevelopment under IC 36-7-14 or a department of metropolitan development as the redevelopment commission of a consolidated city under IC 36-7-15.1.

Sec. 2. The definitions set forth in IC 36-7-14 and IC 36-7-15.1 apply throughout this chapter.

Sec. 3. As used in this chapter, the following terms have the meanings set forth in IC 6-1.1-1:

(1) Assessment date.

(2) Assessed value or assessed valuation.

(3) Taxing district.

(4) Taxing unit.

Sec. 4. As used in this chapter, "base assessed value" means:

(1) the net assessed value of all the taxable property located in a certified technology park as finally determined for the assessment date immediately preceding the effective date of the allocation provision of a resolution adopted under section 15 of this chapter; plus

(2) to the extent it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Sec. 5. As used in this chapter, "business incubator" means real and personal property that:

(1) is located in a certified technology park;

(2) is subject to an agreement under section 12 of this chapter; and

(3) is developed for the primary purpose of attracting one (1) or more owners or tenants who will engage in high technology activities.

Sec. 6. As used in this chapter, "gross retail base period amount" means the aggregate amount of state gross retail and use taxes remitted under IC 6-2.5 by the businesses operating in the

C o p y

territory comprising a certified technology park during the full state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter.

Sec. 7. As used in this chapter, "high technology activity" means one (1) or more of the following:

(1) Advanced computing, which is any technology used in the design and development of any of the following:

(A) Computer hardware and software.

(B) Data communications.

(C) Information technologies.

(2) Advanced materials, which are materials with engineered properties created through the development of specialized process and synthesis technology.

(3) Biotechnology, which is any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product, improve plants or animals, or develop microorganisms for useful purposes. Biotechnology does not include human cloning or stem cell research with embryonic tissue.

(4) Electronic device technology, which is any technology that involves:

(A) microelectronics, semiconductors, or electronic equipment;

(B) instrumentation, radio frequency, microwave, and millimeter electronics;

(C) optical and optic electrical devices; or

(D) data and digital communications and imaging devices.

(5) Engineering or laboratory testing related to the development of a product.

(6) Technology that assists in the assessment or prevention of threats or damage to human health or the environment, including environmental cleanup technology, pollution prevention technology, or development of alternative energy sources.

(7) Medical device technology, which is any technology that involves medical equipment or products other than a pharmaceutical product that has therapeutic or diagnostic value and is regulated.

(8) Product research and development.

(9) Advanced vehicles technology, which is any technology that involves:

C o p y

(A) electric vehicles, hybrid vehicles, or alternative fuel vehicles; or

(B) components used in the construction of electric vehicles, hybrid vehicles, or alternative fuel vehicles.

Sec. 8. As used in this chapter, "income tax base period amount" means the aggregate amount of the following taxes paid by employees employed in the territory comprising a certified technology park with respect to wages and salary earned for work in the certified technology park for the state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter:

(1) The adjusted gross income tax.

(2) The county adjusted gross income tax.

(3) The county option income tax.

(4) The county economic development income tax.

Sec. 9. As used in this chapter, subject to the approval of the department of commerce under an agreement entered into under section 12 of this chapter, "public facilities" includes the following:

(1) A street, road, bridge, storm water or sanitary sewer, sewage treatment facility, facility designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, retention basin, pretreatment facility, waterway, waterline, water storage facility, rail line, electric, gas, telephone or other communications, or any other type of utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure or improvement. Except for rail lines, utility lines, or pipelines, the structures or improvements described in this subdivision must be either owned or used by a public agency, functionally connected to similar or supporting facilities owned or used by a public agency, or designed and dedicated to use by, for the benefit of, or for the protection of the health, welfare, or safety of the public generally, whether or not used by a single business entity. Any road, street, or bridge must be continuously open to public access. A public facility must be located on public property or in a public, utility, or transportation easement or right-of-way.

(2) Land and other assets that are or may become eligible for depreciation for federal income tax purposes for a business incubator located in a certified technology park.

(3) Land and other assets that, if privately owned, would be

C o p y

eligible for depreciation for federal income tax purposes for laboratory facilities, research and development facilities, conference facilities, teleconference facilities, testing, training facilities, and quality control facilities:

(A) that are or that support property whose primary purpose and use is or will be for a high technology activity;

(B) that are owned by a public entity; and

(C) that are located within a certified technology park.

Sec. 10. A unit may apply to the department of commerce for designation of all or part of the territory within the jurisdiction of the unit's redevelopment commission as a certified technology park and to enter into an agreement governing the terms and conditions of the designation. The application must be in a form specified by the department and shall include information the department determines necessary to make the determinations required under section 11 of this chapter.

Sec. 11. (a) After receipt of an application under section 10 of this chapter, and subject to subsection (b), the department of commerce may designate a certified technology park if the department determines that the application demonstrates a firm commitment from at least one (1) business engaged in a high technology activity creating a significant number of jobs and satisfies one (1) or more of the following additional criteria:

(1) A demonstration of significant support from an institution of higher education or a private research based institute located within, or in the vicinity of, the proposed certified technology park, as evidenced by the following criteria:

(A) Grants of preferences for access to and commercialization of intellectual property.

(B) Access to laboratory and other facilities owned by or under control of the institution of higher education or private research based institute.

(C) Donations of services.

(D) Access to telecommunications facilities and other infrastructure.

(E) Financial commitments.

(F) Access to faculty, staff, and students.

(G) Opportunities for adjunct faculty and other types of staff arrangements or affiliations.

(H) Other criteria considered appropriate by the department.

(2) A demonstration of a significant commitment by the

C o p y

institution of higher education or private research based institute to the commercialization of research produced at the certified technology park, as evidenced by the intellectual property and, if applicable, tenure policies that reward faculty and staff for commercialization and collaboration with private businesses.

(3) A demonstration that the proposed certified technology park will be developed to take advantage of the unique characteristics and specialties offered by the public and private resources available in the area in which the proposed certified technology park will be located.

(4) The existence of or proposed development of a business incubator within the proposed certified technology park that exhibits the following types of resources and organization:

(A) Significant financial and other types of support from the public or private resources in the area in which the proposed certified technology park will be located.

(B) A business plan exhibiting the economic utilization and availability of resources and a likelihood of successful development of technologies and research into viable business enterprises.

(C) A commitment to the employment of a qualified full-time manager to supervise the development and operation of the business incubator.

(5) The existence of a business plan for the proposed certified technology park that identifies its objectives in a clearly focused and measurable fashion and that addresses the following matters:

(A) A commitment to new business formation.

(B) The clustering of businesses, technology, and research.

(C) The opportunity for and costs of development of properties under common ownership or control.

(D) The availability of and method proposed for development of infrastructure and other improvements, including telecommunications technology, necessary for the development of the proposed certified technology park.

(E) Assumptions of costs and revenues related to the development of the proposed certified technology park.

(6) A demonstrable and satisfactory assurance that the proposed certified technology park can be developed to principally contain property that is primarily used for, or will be primarily used for, a high technology activity or a business

C o p y

incubator.

(b) The department of commerce may not approve an application that would result in a substantial reduction or cessation of operations in another location in Indiana in order to relocate them within the certified technology park.

(c) There may be not more than three (3) certified technology parks designated by the department.

Sec. 12. A redevelopment commission and the legislative body of the unit that established the redevelopment commission may enter into an agreement with the department of commerce establishing the terms and conditions governing a certified technology park designated under section 11 of this chapter. Upon designation of the certified technology park under the terms of the agreement, the subsequent failure of any party to comply with the terms of the agreement does not result in the termination or rescission of the designation of the area as a certified technology park. The agreement must include the following provisions:

(1) A description of the area to be included within the certified technology park.

(2) Covenants and restrictions, if any, upon all or a part of the properties contained within the certified technology park and terms of enforcement of any covenants or restrictions.

(3) The financial commitments of any party to the agreement and of any owner or developer of property within the certified technology park.

(4) The terms of any commitment required from an institution of higher education or private research based institute for support of the operations and activities within the certified technology park.

(5) The terms of enforcement of the agreement, which may include the definition of events of default, cure periods, legal and equitable remedies and rights, and penalties and damages, actual or liquidated, upon the occurrence of an event of default.

(6) The public facilities to be developed for the certified technology park and the costs of those public facilities, as approved by the department of commerce.

Sec. 13. (a) If the department of commerce determines that a sale price or rental value at below market rate will assist in increasing employment or private investment in a certified technology park, the redevelopment commission and the legislative body of the unit may determine the sale price or rental value for

C o p y

public facilities owned or developed by the redevelopment commission and the unit in the certified technology park at below market rate.

(b) If public facilities developed under an agreement entered into under this chapter are conveyed or leased at less than fair market value or at below market rates, the terms of the conveyance or lease shall include legal and equitable remedies and rights to assure that the public facilities are used for high technology activities or as a business incubator. Legal and equitable remedies and rights may include penalties and actual or liquidated damages.

Sec. 14. The department of commerce shall market the certified technology park. The department and a redevelopment commission may contract with each other or any third party for these marketing services.

Sec. 15. (a) Subject to the approval of the legislative body of the unit that established the redevelopment commission, the redevelopment commission may adopt a resolution designating a certified technology park as an allocation area for purposes of the allocation and distribution of property taxes.

(b) After adoption of the resolution under subsection (a), the redevelopment commission shall:

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

(2) file the following information with each taxing unit that has authority to levy property taxes in the geographic area where the certified technology park is located:

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

(B) A statement disclosing the impact of the certified technology park, including the following:

(i) The estimated economic benefits and costs incurred by the certified technology park, as measured by increased employment and anticipated growth of real property assessed values.

(ii) The anticipated impact on tax revenues of each taxing unit.

The notice must state the general boundaries of the certified technology park and must state that written remonstrances may be filed with the redevelopment commission until the time designated for the hearing. The notice must also name the place, date, and time when the redevelopment commission will receive and hear remonstrances and objections from persons interested in or affected by the proceedings pertaining to the proposed allocation

C o p y

area and will determine the public utility and benefit of the proposed allocation area. The commission shall file the information required by subdivision (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. All persons affected in any manner by the hearing, including all taxpayers within the taxing district of the redevelopment commission, shall be considered notified of the pendency of the hearing and of subsequent acts, hearings, adjournments, and orders of the redevelopment commission affecting the allocation area if the redevelopment commission gives the notice required by this section.

(c) At the hearing, which may be recessed and reconvened periodically, the redevelopment commission shall hear all persons interested in the proceedings and shall consider all written remonstrances and objections that have been filed. After considering the evidence presented, the redevelopment commission shall take final action determining the public utility and benefit of the proposed allocation area confirming, modifying and confirming, or rescinding the resolution. The final action taken by the redevelopment commission shall be recorded and is final and conclusive, except that an appeal may be taken in the manner prescribed by section 16 of this chapter.

Sec. 16. (a) A person who files a written remonstrance with the redevelopment commission under section 15 of this chapter and is aggrieved by the final action taken may, within ten (10) days after that final action, file with the office of the clerk of the circuit or superior court of the county a copy of the redevelopment commission's resolution and the person's remonstrance against the resolution, together with the person's bond as provided by IC 34-13-5-7.

(b) An appeal under this section shall be promptly heard by the court without a jury. All remonstrances upon which an appeal has been taken shall be consolidated and heard and determined within thirty (30) days after the time of filing of the appeal. The court shall decide the appeal based on the record and evidence before the redevelopment commission, not by trial de novo, and may confirm the final action of the redevelopment commission or sustain the remonstrances. The judgment of the court is final and conclusive, unless an appeal is taken as in other civil actions.

Sec. 17. (a) An allocation provision adopted under section 15 of this chapter must:

C o p y

(1) apply to the entire certified technology park; and

(2) require that any property tax on taxable property subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes in the certified technology park be allocated and distributed as provided in subsections (b) and (c).

(b) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(1) the assessed value of the taxable property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value;

shall be allocated and, when collected, paid into the funds of the respective taxing units.

(c) Except as provided in subsection (d), all the property tax proceeds that exceed those described in subsection (b) shall be allocated to the redevelopment commission for the certified technology park and, when collected, paid into the certified technology park fund established under section 23 of this chapter.

(d) Before July 15 of each year, the redevelopment commission shall do the following:

(1) Determine the amount, if any, by which the property tax proceeds to be deposited in the certified technology park fund will exceed the amount necessary for the purposes described in section 23 of this chapter.

(2) Notify the county auditor of the amount, if any, of excess tax proceeds that the redevelopment commission has determined may be allocated to the respective taxing units in the manner prescribed in subsection (c). The redevelopment commission may not authorize an allocation of property tax proceeds under this subdivision if to do so would endanger the interests of the holders of bonds described in section 24 of this chapter.

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the certified technology park effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the certified technology park, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

C o p y

(1) the assessed value of the taxable property as valued without regard to this section; or

(2) the base assessed value.

Sec. 18. (a) A redevelopment commission may, by resolution, provide that each taxpayer in a certified technology park that has been designated as an allocation area is entitled to an additional credit for property taxes that, under IC 6-1.1-22-9, are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the certified technology park:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ten percent (10%) of the 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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to the certified technology park fund under section 17 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the certified technology park fund under section 17 of this chapter.

(b) The additional credit under subsection (a) shall be:

(1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of a certified technology park; and

(2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in a certified technology park who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which

C o p y

the credit applies must be stated on the notice.

(d) Notwithstanding any other law, a taxpayer in a certified technology park is not entitled to a credit for property tax replacement under IC 6-1.1-21-5.

Sec. 19. (a) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that the state board of accounts and department of local government finance consider appropriate for the implementation of an allocation area under this chapter.

(b) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to certified technology park fund under section 17 of this chapter.

Sec. 20. (a) After entering into an agreement under section 12 of this chapter, the redevelopment commission shall send to the department of state revenue:

(1) a certified copy of the designation of the certified technology park under section 11 of this chapter;

(2) a certified copy of the agreement entered into under section 12 of this chapter; and

(3) a complete list of the employers in the certified technology park and the street names and the range of street numbers of each street in the certified technology park.

The redevelopment commission shall update the list provided under subdivision (3) before July 1 of each year.

(b) Not later than sixty (60) days after receiving a copy of the designation of the certified technology park, the department of state revenue shall determine the gross retail base period amount and the income tax base period amount.

Sec. 21. Before the first business day in October of each year, the department of state revenue shall calculate the income tax incremental amount and the gross retail incremental amount for the preceding state fiscal year for each certified technology park designated under this chapter.

Sec. 22. (a) The treasurer of state shall establish an incremental tax financing fund for each certified technology park designated under this chapter. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax

C o p y

financing fund established for a certified technology park under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the certified technology park, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the certified technology park.

(2) The aggregate amount of the following taxes paid by employees employed in the certified technology park with respect to wages earned for work in the certified technology park, until the amount deposited equals the income tax incremental amount:

(A) The adjusted gross income tax.

(B) The county adjusted gross income tax.

(C) The county option income tax.

(D) The county economic development income tax.

(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.

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a certified technology park shall be distributed to the redevelopment commission for deposit in the certified technology park fund established under section 23 of this chapter.

Sec. 23. (a) Each redevelopment commission that establishes a certified technology park under this chapter shall establish a certified technology park fund to receive:

(1) property tax proceeds allocated under section 17 of this chapter; and

(2) money distributed to the redevelopment commission under section 22 of this chapter.

(b) Money deposited in the certified technology park fund may be used by the redevelopment commission only for one (1) or more of the following purposes.

(1) Acquisition, improvement, preparation, demolition, disposal, construction, reconstruction, remediation, rehabilitation, restoration, preservation, maintenance, repair, furnishing, and equipping of public facilities.

(2) Operation of public facilities described in section 9(2) of this chapter.

(3) Payment of the principal of and interest on any obligations

C o p y

that are payable solely or in part from money deposited in the fund and are incurred by the redevelopment commission for the purpose of financing or refinancing the development of public facilities in the certified technology park.

(4) Establishment, augmentation, or restoration of the debt service reserve for obligations described in subdivision (3).

(5) Payment of the principal of and interest on bonds issued by the unit to pay for public facilities in or serving the certified technology park.

(6) Payment of premiums on the redemption before maturity of bonds described in subdivision (3).

(7) Payment of amounts due under leases payable from money deposited in the fund.

(8) Reimbursement of the unit for expenditures made by it for public facilities in or serving the certified technology park.

(9) Payment of expenses incurred by the redevelopment commission for public facilities that are in the certified technology park or serving the certified technology park.

(c) The certified technology park fund may not be used for operating expenses of the redevelopment commission.

Sec. 24. (a) A redevelopment commission may issue bonds for the purpose of providing public facilities under this chapter.

(b) The bonds are payable solely from:

(1) property tax proceeds allocated to the certified technology park fund under section 17 of this chapter;

(2) money distributed to the redevelopment commission under section 22 of this chapter;

(3) other funds available to the redevelopment commission; or

(4) a combination of the methods stated in subdivisions (1) through (3).

(c) The bonds shall be authorized by a resolution of the redevelopment commission.

(d) The terms and form of the bonds shall either be set out in the resolution or in a form of trust indenture approved by the resolution.

(e) The bonds must mature within fifty (50) years.

(f) The redevelopment commission shall sell the bonds at public or private sale upon such terms as determined by the redevelopment commission.

(g) All money received from any bonds issued under this chapter shall be applied solely to the payment of the cost of providing public facilities within a certified technology park, or the

C o p y

cost of refunding or refinancing outstanding bonds, for which the bonds are issued. The cost may include:

(1) planning and development of the public facilities and all related buildings, facilities, structures, and improvements;

(2) acquisition of a site and clearing and preparing the site for construction;

(3) equipment, facilities, structures, and improvements that are necessary or desirable to make the public facilities suitable for use and operations;

(4) architectural, engineering, consultant, and attorney's fees;

(5) incidental expenses in connection with the issuance and sale of bonds;

(6) reserves for principal and interest;

(7) interest during construction and for a period thereafter determined by the redevelopment commission, but not to exceed five (5) years;

(8) financial advisory fees;

(9) insurance during construction;

(10) municipal bond insurance, debt service reserve insurance, letters of credit, or other credit enhancement; and

(11) in the case of refunding or refinancing, payment of the principal of, redemption premiums, if any, and interest on, the bonds being refunded or refinanced.

Sec. 25. The establishment of high technology activities and public facilities within a technology park serves a public purpose and is of benefit to the general welfare of a unit by encouraging investment, job creation and retention, and economic growth and diversity.

SECTION 316. 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),

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the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.

SECTION 317. 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

C o p y

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 318. 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),

C o p y

the local board shall comply with the limitations and restrictions set forth in IC 5-10.2-2-18.

SECTION 319. 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.

C o p y

(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

C o p y

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.

SECTION 320. IC 36-9-14-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) A cumulative building fund to provide money for the construction, remodeling, and repair of courthouses may be established by the county legislative body

C o p y

under ~~IC 6-1.1-21.~~ **IC 6-1.1-41.**

(b) As used in this section, "courthouse" includes a historical complex consisting of a former county courthouse, jail, and sheriff's residence which is open to the general public for educational or community purposes in a county having a population of more than one hundred sixty thousand (160,000) but less than two hundred thousand (200,000).

SECTION 321. IC 36-9-31-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 16. Any security issued in connection with a financing under this chapter the interest on which is excludable from **adjusted** gross income tax is exempt from the registration requirements of IC 23-2-1, or any other securities registration law.

SECTION 322. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2002]: IC 4-12-9-4; IC 6-3.1-21-10; IC 12-15-2-15.7; IC 12-17-1.

SECTION 323. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2004]: IC 6-2.1-1-0.5; IC 6-2.1-1-0.6; IC 6-2.1-1-3; IC 6-2.1-1-4; IC 6-2.1-1-4.5; IC 6-2.1-1-5; IC 6-2.1-1-6; IC 6-2.1-1-7; IC 6-2.1-1-8; IC 6-2.1-2-1; IC 6-2.1-2-1.2; IC 6-2.1-2-2.5; IC 6-2.1-2-4; IC 6-2.1-2-5; IC 6-2.1-2-6; IC 6-2.1-2-7; IC 6-2.1-3.5; IC 6-2.1-3-8; IC 6-2.1-3-19; IC 6-2.1-3-20; IC 6-2.1-3-21; IC 6-2.1-3-22; IC 6-2.1-3-23; IC 6-2.1-3-28; IC 6-2.1-3-30; IC 6-2.1-3-31; IC 6-2.1-3-34; IC 6-2.1-3-35; IC 6-2.1-4.5; IC 6-2.1-8-4; IC 6-3-8; IC 6-3.1-21-3; IC 6-3.1-21-4; IC 6-3.1-21-5; IC 6-3.1-21-7; IC 6-5; IC 12-13-8; IC 12-13-9; IC 12-16-14; IC 12-16.1-13-1; IC 12-16.1-13-2; IC 12-16.1-13-7; IC 12-16.1-14-1; IC 12-16.1-14-2; IC 12-16.1-14-3; IC 12-16.1-14-4; IC 12-16.1-14-5; IC 12-16.1-14-6; IC 12-17.8-1; IC 12-17.8-2-5; IC 12-19-7-5; IC 16-35-3; IC 16-35-3; IC 16-35-4.

SECTION 324. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding any other law, rule, or policy, Muscatatuck state developmental center may not be closed but shall remain in operation until June 30, 2004.**

(b) The budget agency shall make any transfers of funds between appropriations in P.L.291-2001, SECTION 7, necessary to keep the Muscatatuck state developmental center in operation through June 30, 2004.

(c) This SECTION expires July 1, 2004.

SECTION 325. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "committee" refers to the interim study committee on placement of residents at Muscatatuck state developmental**

C o p y

center and retraining and placement of employees.

(b) There is established the interim study committee on placement of residents at Muscatatuck state developmental center and retraining and placement of employees. The committee shall study the adequacy and safe placement of residents who are receiving care at Muscatatuck state developmental center. The committee shall study how employees are being retrained and placed. Attention should be given to placement of the employees elsewhere in state employment in view of the strategic hiring freeze implemented by the governor.

(c) The committee shall operate under the policies governing study committees adopted by the legislative council.

(d) The affirmative votes of a majority of the voting members appointed to the committee are required for the committee to take action on any measure, including final reports.

(e) This SECTION expires December 31, 2004.

SECTION 326. P.L.93-2000, SECTION 6, AS AMENDED BY P.L.291-2001, SECTION 101, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: SECTION 6. (a) Notwithstanding IC 21-3-1.6-1.2, as added by this act, and IC 21-3-1.7, the tuition support determined under IC 21-3-1.7-8 for a school corporation shall be reduced as follows:

(1) For 2001, the previous year's revenue determined without regard to IC 21-3-1.6-1.2, as added by this act, shall be reduced by an amount determined under the following STEPS:

STEP ONE: Determine the difference between:

(A) the school corporation's average daily membership count for 2000, without regard to IC 21-3-1.6-1.2, as added by this act; minus

(B) the school corporation's average daily membership count for 2000, as adjusted by the school corporation under this act after applying IC 21-3-1.6-1.2, as added by this act.

STEP TWO: Determine the result of:

(A) the school corporation's previous year's revenue under IC 21-3-1.7-3.1, without regard to IC 21-3-1.6-1.2, as added by this act; divided by

(B) the school corporation's average daily membership for 2000, without regard to IC 21-3-1.6-1.2, as added by this act.

STEP THREE: Multiply the STEP ONE result by the STEP TWO result.

STEP FOUR: Multiply the STEP THREE result by one-third

C o p y

(1/3).

(2) For 2002, the previous year revenue determined without regard to IC 21-3-1.6-1.2, as added by this act, shall be reduced by an amount equal to the result **determined** under **STEP FOUR of** the following **formula:**

~~(A)~~ **STEP ONE: This STEP applies only to Madison Consolidated Schools. Determine the lesser of:**

(i) the amount determined under STEP THREE of subdivision (1); or

(ii) the school corporation's 2001 previous year's revenue under IC 21-3-1.7-3.1, without regard to IC 21-3-1.6-1.2 minus the 2001 school corporation's previous year's revenue under IC 21-3-1.7-3.1, applying IC 21-3-1.6-1.2.

STEP TWO: This STEP applies to a school other than Madison Consolidated Schools. Determine the ~~result of: (i) the~~ amount determined under STEP THREE of subdivision (1).

STEP THREE: Determine the result of the STEP ONE or STEP TWO amount as applicable minus ~~(ii)~~ the amount determined under STEP FOUR of subdivision (1).

~~(B)~~ **STEP FOUR:** Divide the ~~clause (A)~~ **STEP THREE** result by three (3).

~~(C)~~ **STEP FIVE:** Multiply the ~~clause (B)~~ **STEP FOUR** result by one and three-hundredths (1.03).

(3) For 2003, the previous year revenue determined without regard to IC 21-3-1.6-1.2, as added by this act, shall be reduced by an amount equal to the reduction amount under subdivision (2) multiplied by one and two-hundredths (1.02).

(4) For 2004, the previous year revenue determined without regard to IC 21-3-1.6-1.2, as added by P.L.93-2000, shall be reduced by an amount equal to the reduction under subdivision (2) multiplied by one and two-hundredths (1.02).

(b) This SECTION expires January 1, 2005.

SECTION 327. [EFFECTIVE JULY 1, 2002] **(a) The county medical assistance to wards fund is abolished on January 1, 2004. Money remaining in the county medical assistance to wards fund on January 1, 2004, shall be transferred to the auditor of state for deposit in the state general fund before January 6, 2004. Taxes collected after December 31, 2003, that became due and payable before January 1, 2004, as a result of a property tax levy imposed for the county medical assistance to wards fund shall be transferred to the state general fund before the fifth day after the**

C o p y

month in which the taxes are collected. A refund after December 31, 2003, of property tax payments initially collected from a taxpayer as a result of a levy imposed before January 1, 2004, for the county medical assistance to wards fund shall be reimbursed from the county general fund. A property tax levy for the county medical assistance to wards fund may not be imposed after December 31, 2003.

(b) The children with special health care needs county fund is abolished on January 1, 2004. Money remaining in the children with special health care needs county fund on January 1, 2004, shall be transferred to the auditor of state for deposit in the state general fund before January 6, 2004. Taxes collected after June 30, 2002, that became due and payable before July 1, 2002, as a result of a property tax levy imposed for the children with special health care needs county fund shall be transferred to the state general fund before the fifth day after the month in which the taxes are collected. A refund after December 31, 2003, of property tax payments initially collected from a taxpayer as a result of a levy imposed before January 1, 2004, for the children with special health care needs county fund shall be reimbursed from the county general fund. A property tax levy for the children with special health care needs county fund may not be imposed after December 31, 2003.

(c) After December 31, 2003, a property tax levy for the county general fund or any separate county hospital care for the indigent fund may not include any amount for transfer to the state for the hospital care of the indigent program or the uninsured parent program.

SECTION 328. [EFFECTIVE JULY 1, 2002] **The department of local government finance shall prescribe the forms required under IC 6-1.1-12-41, as added by this act, before August 31, 2002.**

SECTION 329. [EFFECTIVE JULY 1, 2002] **(a) This subsection applies to the last six (6) months of calendar year 2002. A school corporation may transfer from the school corporation's capital projects fund to the school corporation's general fund an amount not to exceed the product of:**

(1) the school corporation's assessed valuation for calendar year 2002 divided by one hundred (100); and

(2) the lesser of:

(A) three hundred twenty-eight ten-thousandths (0.0328); or

(B) the school corporation's capital projects fund tax rate

C o p y

for calendar year 2002 multiplied by five-tenths (0.5).

(b) This subsection applies to the first six (6) months of calendar year 2003. A school corporation may transfer from the school corporation's capital projects fund to the school corporation's general fund an amount not to exceed the product of:

(1) the school corporation's assessed valuation for calendar year 2002 divided by one hundred (100); and

(2) the lesser of:

(A) three hundred twenty-eight ten-thousandths (0.0328); or

(B) the school corporation's capital projects fund tax rate for calendar year 2002 multiplied by five-tenths (0.5).

SECTION 330. [EFFECTIVE MAY 1, 2002] **Revenue stamps paid for before May 1, 2002, may be used after April 30, 2002, only if the full amount of the tax imposed by IC 6-7-1-12, as amended by this act, is remitted to the department of state revenue under the procedures prescribed by the department.**

SECTION 331. [EFFECTIVE JULY 1, 2002] **IC 4-33-12-1 and IC 4-33-12-6, both as amended by this act, apply to riverboat admissions taxes collected after June 30, 2002.**

SECTION 332. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding IC 4-12-1-14.3 or any other law, the treasurer of state, as directed by the budget director, shall transfer $50,000,000 from the Indiana tobacco master settlement agreement fund to the state general fund before May 1, 2002, and credit this amount to a special account to be used for health care expenses.**

(b) Notwithstanding IC 4-12-1-14.3 or any other law, the treasurer of state, as directed by the budget director, shall transfer $90,000,000 from the Indiana tobacco master settlement agreement fund to the state general fund after June 30, 2002, and before July 1, 2003, and credit this amount to a special account to be used for health care purposes.

SECTION 333. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding P.L.29-2001, SECTION 5, the total operating expense for all universities shall be reduced by $29,000,000 for FY 2002-2003. The amount of the reduction for each main and regional campus equals the amount determined under STEP FOUR of the following formula:**

STEP ONE: Determine the amount of the total operating appropriation to the campus.

STEP TWO: Determine the amount of the total operating appropriations for all university campuses.

C o p y

STEP THREE: Divide the STEP ONE amount by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by $29,000,000.

(b) Notwithstanding P.L.29-2001, SECTIONS 5 and 38 and any other law, universities may use a part of the money allocated to them from the appropriation from the BUILD INDIANA FUND (BIF) (IC 4-30-27), FOR THE BUDGET AGENCY, Higher Education Technology for operating expenses to defray the reductions under subsection (a). The amount available for operating expense may not exceed a total of $29,000,000. The formula in subsection (a) shall be used to determine the amount main and regional campuses shall receive.

SECTION 334. [EFFECTIVE UPON PASSAGE] **Notwithstanding P.L.291-2001, SECTION 5, and notwithstanding any agreement entered into by Ivy Tech State College or Vincennes University to freeze Indiana resident tuition at the level at which it existed on January 1, 2001:**

(1) Ivy Tech State College may increase tuition for Indiana residents if it does not receive the $1,521,287 appropriated for FY 2002-2003 to compensate the college for not increasing tuition for Indiana residents; and

(2) Vincennes University may increase fees for Indiana residents if it does not receive the $432,785 appropriated for FY 2002-2003 to compensate the university for not increasing tuition for Indiana residents.

SECTION 335. P.L.291-2001, SECTION 219, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: SECTION 219. (a) Notwithstanding the provisions of IC 6-1.1-21-10(c), the schedule to be used ~~in~~ **after** calendar year 2001 in making property tax replacement credit distributions to county treasurers is as follows:

January	0.00%
February	0.00%
March	16.70%
April	16.70%
May	0.00%
June	0.00%
July	16.60%
August	0.00%
September	16.70%
October	16.70%
November	16.60%

C o p y

December 0.00%

(b) The property tax replacement fund board may adjust the schedule in subsection (a).

SECTION 336. [EFFECTIVE JULY 1, 2002] **(a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established under IC 12-8-6-1.**

(b) Before September 1, 2002, the office shall apply to the United States Department of Health and Human Services to do the following:

(1) Amend the state's waiver under 42 U.S.C. 1396n(b)(1) to include the aged, blind, and disabled in the managed care program under IC 12-15-12.

(2) Amend the state Medicaid plan in accordance with this act.

(c) The office may not implement the amendments under subsection (b) until the office files an affidavit with the governor attesting that the amendments applied for under this SECTION have been approved. The office shall file the affidavit under this subsection not later than five (5) days after the office is notified that the amendments are approved.

(d) If the United States Department of Health and Human Services approves the amendments applied for under this SECTION and the governor receives the affidavit filed under subsection (c), the office shall implement the amendments not more than sixty (60) days after the governor receives the affidavit.

(e) The office may adopt rules under IC 4-22-2 to implement this SECTION.

(f) This SECTION expires December 31, 2008.

SECTION 337. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding P.L.291-2001, SECTION 10, FOR THE DEPARTMENT OF ENVIRONMENTAL MANAGEMENT, AUTO EMISSIONS TESTING PROGRAM, Other Operating Expense for the biennium is $0.0 and not $14,987,334.**

(b) Notwithstanding P.L.291-2001, SECTION 10, there is appropriated from the underground petroleum storage tank excess liability trust fund (IC 13-23-7-1) $14,987,334 to the DEPARTMENT OF ENVIRONMENTAL MANAGEMENT, AUTO EMISSIONS TESTING PROGRAM for Other Operating Expense for the period beginning July 1, 2001, and ending June 30, 2003. Any money spent from the appropriation from the state general fund for the auto emissions testing program for other operating expense shall be refunded to the state general fund from

C o p y

the underground petroleum storage and excess liability trust fund.

SECTION 338. [EFFECTIVE UPON PASSAGE] **(a) The definitions in IC 6-1.1-1 apply throughout this SECTION.**

(b) Subject to subsection (c), the effective date of 50 IAC 2.3, 50 IAC 5.2 (to the extent that it applies to the assessment of real property), and any other rule to the extent that it applies to the assessment of real property and is adopted by the state board of tax commissioners or the department of local government finance after January 1, 2001, and March 1, 2003, are delayed and first apply to assessment dates after January 1, 2003. This subsection does not prohibit the department of local government from issuing procedural rules or guidelines or prescribing forms that are consistent with the requirements of subsection (c).

(c) 50 IAC 2.3 (including the 2002 Real Property Assessment Manual and the Real Property Assessment Guidelines for 2002–Version A) and any other rule adopted by the state board of tax commissioners or the department of local government finance is void to the extent that it establishes a shelter allowance for real property used as a residence.

SECTION 339. [EFFECTIVE JULY 1, 2003] **(a) For purposes of:**

(1) IC 6-2.5-2-2, as amended by this act;
(2) IC 6-2.5-6-7, as amended by this act;
(3) IC 6-2.5-6-8, as amended by this act;
(4) IC 6-2.5-6-10, as amended by this act;
(5) IC 6-2.5-7-3, as amended by this act; and
(6) IC 6-2.5-7-5, as amended by this act;

all transactions, except the furnishing of public utility, telephone, or cable television services and commodities by retail merchants described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11 shall be considered as having occurred after November 30, 2002, to the extent that delivery of the property or services constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before December 1, 2002, to the extent that the agreement of the parties to the transaction was entered into before November 1, 2002, and payment for the property or services furnished in the transaction is made before December 1, 2002, notwithstanding the delivery of the property or services after November 30, 2002.

(b) With respect to a transaction constituting the furnishing of public utility, telephone, or cable television services and commodities, only transactions for which the charges are collected

C o p y

upon original statements and billings dated after December 31, 2002, shall be considered as having occurred after November 30, 2002.

(c) This SECTION expires July 1, 2004.

SECTION 340. [EFFECTIVE JULY 1, 2002] **(a) The definitions in IC 6-2.2-2, as added by this act, apply throughout this SECTION.**

(b) IC 6-2.2 (franchise tax), as added by this act, applies only to taxable years beginning after December 31, 2003.

(c) The department of state revenue shall adopt the initial rules and prescribe the initial forms to implement IC 6-2.2 (franchise tax), as added by this act, before January 1, 2004. The department of state revenue may adopt the initial rules required under this SECTION in the same manner that emergency rules are adopted under IC 4-22-2-37.1. A rule adopted under this SECTION expires on the earlier of the following:

(1) The date that the rule is superseded, amended, or repealed by a permanent rule adopted under IC 4-22-2 or another rule adopted under this SECTION.

(2) July 1, 2005.

(d) This subsection applies to a taxpayer that:

(1) engaged in doing business in Indiana in any calendar year before January 1, 2004;

(2) has a taxable year for federal income tax purposes that began before January 1, 2004, and is not a calendar year; and

(3) seeks to engage in doing business in Indiana in 2004.

The initial taxable year for a taxpayer described in this subsection is a short taxable year. Notwithstanding IC 6-2.2-4-1, as added by this act, the initial taxable year of a taxpayer under IC 6-2.2, as added by this act, begins January 1, 2004. The initial taxable year of the taxpayer ends on the day immediately preceding the day that the taxpayer's next taxable year for federal income tax purposes begins. Notwithstanding IC 6-2.2-8, as added by this act, the tax imposed under IC 6-2.2, as added by this act, for the initial taxable year of the taxpayer is equal to the tax computed under IC 6-2.2-8 multiplied by a fraction. The numerator is the number of days remaining in the taxpayer's taxable year after January 1, 2004, and the denominator is the total number of days in the taxable year. The return for the initial short taxable year of the taxpayer is due before April 16, 2004.

SECTION 341. [EFFECTIVE JANUARY 1, 2004] **IC 6-3-2-1, as amended by this act (as it applies to individuals, estates, and trusts**

C o p y

only), applies only to taxable years beginning after December 31, 2003.

SECTION 342. [EFFECTIVE JULY 1, 2002] **(a) This SECTION applies to a taxpayer that:**

(1) pays supplemental net income tax under IC 6-3-8; and

(2) has a taxable year that begins before January 1, 2004, and ends after December 31, 2004.

(b) A taxpayer shall file the taxpayer's estimated supplemental net income tax return and pay the taxpayer's estimated supplemental net income tax liability to the department of state revenue as provided by law for due dates that occur before January 1, 2003.

(c) Not later than April 15, 2004, a taxpayer shall file a final supplemental net income tax return with the department of state revenue on a form and in the manner prescribed by the department of state revenue. At the time of filing the final supplemental net income tax return, a taxpayer shall pay to the department of state revenue an amount equal to the remainder of:

(1) the total supplemental net income tax liability incurred by the taxpayer for the part of the taxpayer's taxable year that occurred in calendar year 2003; minus

(2) the sum of:

(A) the total amount of supplemental net income taxes that were previously paid by the taxpayer to the department of state revenue for any quarter of that same part of the taxpayer's taxable year; plus

(B) any supplemental net income taxes that were withheld from the taxpayer for that same part of the taxpayer's taxable year.

SECTION 343. [EFFECTIVE JULY 1, 2002] **(a) This SECTION applies to a taxpayer that:**

(1) was subject to the gross income tax under IC 6-2.1 before January 1, 2004;

(2) has a taxable year that begins before January 1, 2004, and ends after December 31, 2004; and

(3) is not subject to the gross income tax under IC 6-2.1 after December 31, 2003.

(b) A taxpayer shall file the taxpayer's estimated gross income tax return and pay the taxpayer's estimated gross income tax liability to the department of state revenue as provided in IC 6-2.1-5-1.1 for due dates that occur before January 1, 2004.

(c) Not later than April 15, 2004, a taxpayer shall file a final

C o p y

gross income tax return with the department of state revenue on a form and in the manner prescribed by the department of state revenue. At the time of filing the final gross income tax return, a taxpayer shall pay to the department of state revenue an amount equal to the remainder of:

(1) the total gross income tax liability incurred by the taxpayer for the part of the taxpayer's taxable year that occurred in calendar year 2003; minus

(2) the sum of:

(A) the total amount of gross income taxes that were previously paid by the taxpayer to the department of state revenue for any quarter of that same part of the taxpayer's taxable year; plus

(B) any gross income taxes that were withheld from the taxpayer for that same part of the taxpayer's taxable year under IC 6-2.1-6.

SECTION 344. [EFFECTIVE JULY 1, 2002] **(a) This SECTION applies to the following credits:**

(1) Business personal property credit (IC 6-3.1-23.8).

(2) Investment credit (IC 6-3.1-24).

(3) Research expense credit (IC 6-3.1-4).

(4) Corporate headquarters relocation credit (IC 6-3.1-25).

(b) The amendments made by this act to increase the credit described in subsection (a)(1) and (a)(3) and to establish the credit described in subsection (a)(2) and (a)(4) apply to expenditures made after December 31, 2003, regardless of when the taxpayer's taxable year begins. The amendments to the credits described in subsection (a)(1) and (a)(2) apply to tax payments for taxes first due and payable in calendar year 2004. Tangible property first assessed in 2002 is eligible only for one (1) year of the investment credit (IC 6-3.1-24) in 2004 at the ten percent (10%) rate.

SECTION 345. [EFFECTIVE JULY 1, 2002] **(a) This SECTION applies to the following credits and deductions:**

(1) Standard deduction under IC 6-1.1-12-37.

(2) Multifamily dwelling complex deduction under IC 6-1.1-12-42.

(3) Increased homestead credits under IC 6-1.1-20.9-2 and IC 6-1.1-20.9-2.5.

(b) The deductions under subsection (a) initially apply to property taxes first due and payable in 2004.

SECTION 346. [EFFECTIVE JULY 1, 2002] **(a) The appropriation FOR THE BUREAU OF MOTOR VEHICLES,**

C o p y

Motor Vehicle Highway Account (IC 8-14-1), Personal Services for Fiscal Year 2002-2003 is $48,132,557 and not $68,132,557. However, the Bureau of Motor Vehicles may supplement its appropriation from the Motor Vehicle Highway Account with additional revenue generated by fees charged in license branches.

(b) Thirty-four million eight hundred forty-two thousand dollars ($34,842,000) that would otherwise be distributed to the state highway fund under IC 8-14-1-3 shall be used to fund the appropriation for the state police department under IC 8-14-1-3. 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.

SECTION 347. [EFFECTIVE JULY 1, 2002] **(a) This SECTION applies to a corporate taxpayer that:**

(1) pays adjusted gross income tax under IC 6-3-1 through IC 6-3-7; and

(2) has a taxable year that begins before January 1, 2004, and ends after December 31, 2003.

(b) The rate of the adjusted gross income tax imposed under IC 6-3-2-1 for that taxable year is a rate equal to the sum of:

(1) three and four-tenths percent (3.4%) multiplied by a fraction, the numerator of which is the number of days in the taxpayer's taxable year that occurred before January 1, 2004, and the denominator of which is the total number of days in the taxable year; and

(2) eight and five-tenths percent (8.5%) multiplied by a fraction, the numerator of which is the number of days in the taxpayer's taxable year that occurred after December 31, 2003, and the denominator of which is the total number of days in the taxable year.

(c) However, the rate determined under this section shall be rounded to the nearest one-hundredth of one percent (0.01%).

SECTION 348. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Baugo Twp. Little League - Elkhart Co. is $5,000 and not $10,000.**

(b) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET

C o p y

AGENCY - LOCAL PROJECTS for East End Little League - St. Joseph Co. is $5,000 and not $10,000.

(c) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Elkhart - road projects - Elkhart Co. is $10,000 and not $25,000.

(d) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Mishawaka - AM General road projects - St. Joseph Co. $150,000 is canceled and $75,000 is appropriated to Mishawaka - road projects - St. Joseph Co. from the Build Indiana Fund.

(e) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Mishawaka Parks Dept. - Baker Park - High School Baseball Field - St. Joseph Co. for $15,000 is canceled.

(f) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Northside Little League - St. Joseph Co. is $5,000 and not $10,000.

(g) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Osceola - dry wells- St. Joseph Co. is $10,000 and not $50,000.

(h) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Osceola Little League - St. Joseph Co. is $5,000 and not $10,000.

(i) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Penn North VFD - safety equipment - St. Joseph Co. is $7,500 and not $15,000.

(j) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Penn South VFD - safety equipment - St. Joseph Co. for $15,000 is canceled.

(k) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Penn Twp. - youth center- St. Joseph Co. for $40,000 is canceled.

(l) Notwithstanding P.L.291-2001, SECTION 38, $275,000 is

C o p y

appropriated for the School City of Mishawaka from the Build Indiana Fund.

(m) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Southwest Little League - St. Joseph Co. is $5,000 and not $10,000.

(n) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for WNIT Channel 34 - building - St. Joseph Co. for $25,000 is canceled.

(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.

SECTION 349. [EFFECTIVE JULY 1, 2002] **(a) Each year between 2002 and 2005, four million seven-hundred twenty thousand dollars ($4,720,000) shall be transferred from the master settlement agreement to the tobacco farmers fund. The commissioner of agriculture shall distribute the tobacco farmers fund to tobacco growers and tobacco quota owners using the same formula and process used for the Phase II payment program. The commissioner of agriculture may contract with consultants, financial institutions, and legal counsel to assist in the administration of the tobacco farmers fund and may pay the expenses of those contracts from money in the fund.**

(b) For the years 1999 through 2001, the amount required to make the total payments to tobacco growers and tobacco quota owners equal to the amount described in the Phase II agreement shall be distributed on a pro rata basis over the life of the Phase II payment program.

SECTION 350. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding P.L.291-2001, SECTION 8, the amount allocated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, From the General Fund for FY 2002-2003, is $0 and not $54,841,661.**

(b) Notwithstanding P.L.291-2001, SECTION 8, the amount allocated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, From the Motor Vehicle Highway Account (IC 8-14-1) for FY 2002-2003 is $109,673,322 and not $54,841,661.

(c) Notwithstanding P.L.291-2001, SECTION 8, augmentation for FY 2002-2003 FOR THE INDIANA STATE POLICE AND

C o p y

MOTOR CARRIER INSPECTION for FY 2002-2003 is allowed from the Motor Vehicle Highway Account and the Motor Carrier Regulation Fund and not from the General Fund.

SECTION 351. [EFFECTIVE JULY 1, 2002] **Notwithstanding P.L.291-2001, SECTION 8, the amounts appropriated FOR THE INDIANA SATE POLICE AND MOTOR CARRIER INSPECTION, for Personal Services and Other Operating Expense are from the Motor Vehicle Highway Account and the Motor Carrier Regulation Fund and not from the General Fund.**

SECTION 352. [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 353. [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 354. [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.

C o p y

SECTION 355. [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 356. [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.

C o p y

(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 357. [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 358. [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 359. [EFFECTIVE JULY 1, 2002] **IC 5-10.2-2-18, as added by this act, applies only to investments made after June 30, 2002.**

C o p y

1 SECTION 360. **An emergency is declared for this act.**

C o p y

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1004, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Replace the effective date in SECTION 13 with "[EFFECTIVE MAY 1, 2002]".

Replace the effective date in SECTION 14 with "[EFFECTIVE MAY 1, 2002]".

Replace the effective date in SECTION 15 with "[EFFECTIVE JUNE 1, 2002]".

Replace the effective date in SECTION 16 with "[EFFECTIVE MAY 1, 2002]".

Replace the effective date in SECTION 17 with "[EFFECTIVE MAY 1, 2002]".

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

"SECTION 1. IC 4-4-3.4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) The value added research fund is established for the purpose of providing money for the center for value added research and the commissioner of agriculture to carry out the duties specified under this chapter. The fund shall be administered by the commissioner of agriculture.

(b) The fund consists of money appropriated by the general assembly.

(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.

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

(e) There is annually appropriated to the value added research fund one million dollars ($1,000,000) from the state general fund for carrying out the purposes of this section.

SECTION 1. IC 4-4-9.3 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 9.3. Rural Development Administration Fund

Sec. 1. (a) The rural development administration fund is established for the purpose of enhancing and developing rural communities. The fund shall be administered by the rural development council.

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

C o p y

the money in the fund.

(c) Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts.

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

Sec. 2. (a) Money in the fund may be used for the following purposes:

(1) To create, assess, and assist a pilot project to enhance the economic and community development in a rural area.

(2) To establish a local revolving loan fund for an industrial, commercial, agricultural, or tourist venture.

(3) To provide a loan for an economic development project in a rural area.

(4) To provide technical assistance to a rural organization.

(5) To assist in the development and creation of a rural cooperative.

(6) To address rural workforce development challenges.

(7) To assist in addressing telecommunications needs in a rural area.

(b) Expenditures from the fund are subject to appropriation by the general assembly and approval by the rural development council (IC 4-4-9.5). The council may not approve an expenditure from the fund unless the rural development administration advisory board established under section 4 of this chapter has recommended the expenditure.

Sec. 3. (a) There is annually appropriated to the rural development administration fund two million five hundred thousand dollars ($2,500,000) from the state general fund for its use in carrying out the purposes of section 2 of this chapter.

(b) The money appropriated by this section does not revert to the state general fund at the close of any fiscal year but remains available to the rural development administration fund until the purpose for which it was appropriated is fulfilled.

Sec. 4. (a) The rural development administration advisory board is established to make recommendations concerning the expenditure of money from the fund.

(b) The advisory board shall meet at least four (4) times per year and shall also meet at the call of the executive director of the

C o p y

rural development council.

(c) The rural advisory board consists of the following members:

(1) The executive director of the rural development council, who serves as an ex officio member and as the chairperson of the advisory board.

(2) Two (2) members of the senate, who may not be members of the same political party, and who are appointed by the president pro tempore of the senate.

(3) Two (2) members of the house of representatives, who may not be members of the same political party, and who are appointed by the speaker of the house of representatives.

(4) A representative of the commissioner of agriculture, to be appointed by the governor.

(5) A representative of the department of commerce, to be appointed by the governor.

(6) A representative of the department of workforce development, to be appointed by the governor.

(7) Two (2) persons with knowledge and experience in state and regional economic needs, to be appointed by the governor.

(8) A representative of a local rural economic development organization, to be appointed by the governor.

(9) A representative of a small town or rural community, to be appointed by the governor.

(10) A representative of the rural development council, to be appointed by the governor.

(11) A representative of rural education, to be appointed by the governor.

(12) A representative of the league of regional conservation and development districts, to be appointed by the governor.

(13) A person currently enrolled in rural secondary education, to be appointed by the governor.

(d) The members of the advisory board listed in subsection (c)(1) through (c)(3) are nonvoting members.

(e) The term of office of a legislative member of the advisory board is four (4) years. However, a legislative member of the advisory board ceases to be a member if the member:

(1) is no longer a member of the chamber from which the member was appointed; or

(2) is removed from the advisory board by the appointing authority who appointed the legislator.

(f) The term of office of a voting member of the advisory board

C o p y

is four (4) years. However, these members serve at the pleasure of the governor and may be removed for any reason.

(g) If a vacancy exists on the advisory board, the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy for the balance of the unexpired term.

(h) Five (5) voting members of the advisory board constitute a quorum for the transaction of business at a meeting of the advisory board. The affirmative vote of at least five (5) voting members is necessary for the advisory board to take action.

SECTION 2. IC 4-4-9.5-4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 4. (a) There is annually appropriated to the Indiana rural development council one million two hundred thousand dollars ($1,200,000) from the state general fund for its use in carrying out the purposes of this chapter.**

(b) The money appropriated by this section does not revert to the state general fund at the close of any fiscal year but remains available to the Indiana rural development council until the purpose for which it was appropriated is fulfilled.

SECTION 3. IC 4-10-13-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. The Indiana department of state revenue is hereby authorized and directed to prepare and publish each year the following report, which shall contain: ~~the following data and information:~~

(1) a recital of the number of taxpayers, the amount of gross collections, the amount of net collections, the amount of refunds, the amount of collection allowances, the amount of administrative costs, and the amount of delinquencies by type of tax collected by the department.

(2) Relative to the gross income tax, a recital of the number of taxpayers, the total amount of gross income tax collected, the total amount of exemptions allowed and the total amount of nontaxable income. It shall also include a recital of the number of taxpayers and the total amount of gross income tax received ~~from farmers, manufacturing interests, wholesalers, retailers, transportation and communication interest, public utilities, financial and insurance interests, real estate interests, personal service businesses, and salaries and wages received~~ from every ~~other~~ source to the extent such information is available from gross income tax returns.

~~(3) A breakdown of gross income tax collections received from corporate taxpayers, from unincorporated businesses, from~~

C o p y

~~income taxed at the rate of three eighths of one per cent (3/8%) and one and one-half per cent (1 1/2%), and from types of businesses as described in subsection (2) of this section.~~

Such report shall be made available for inspection as soon as it is prepared and shall be published, in the manner hereinafter provided, by the Indiana state department of revenue not later than December ~~31st,~~ **31** following the end of each fiscal year.

SECTION 4. IC 4-10-20 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 20. 21st Century Revenue Stabilization Plan

Sec. 1. As used in this chapter, "budget agency" refers to the budget agency established by IC 4-12-1-3.

Sec. 2. As used in this chapter, "budget director" has the meaning set forth in IC 4-12-1-2.

Sec. 3. As used in this chapter, "general fund revenue" means the sum of general fund revenue (as defined in IC 4-10-18-1) and revenue deposited in the property tax replacement fund (IC 6-1.1-21).

Sec. 4. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 5. As used in this chapter, "tax relief fund" refers to the tax relief fund established by section 9 of this chapter.

Sec. 6. As used in this chapter, "tuition support" has the meaning set forth in IC 21-3-1.7-4.

Sec. 7. As used in this chapter, "tuition support stabilization fund" refers to the tuition support stabilization fund established by section 10 of this chapter.

Sec. 8. As used in this chapter, "unused 21st century tax plan balance" refers to the amount determined for a state fiscal year under section 11 of this chapter.

Sec. 9. (a) The tax relief fund is established.

(b) The purpose of the tax relief fund is to provide a source of money to:

(1) maintain homestead credit distributions from the state to political subdivisions when economic conditions result in lowered collections of general tax revenues as determined by the budget agency under section 14 of this chapter;

(2) provide a source of money to meet the following obligations assumed by the state:

(A) assumption of county contributions to the medical assistance to wards program under IC 12-13-8 (repealed);

C o p y

(B) assumption of county contributions to the children with special health care needs program under IC 16-35-3 (repealed);

(C) assumption of county contributions to the hospital care for the indigent program or the uninsured parent program required under IC 12-16-14 (repealed); and

(D) assumption of fifty percent (50%) of the county obligation for child services (as defined in IC 12-19-7-1);

when economic conditions result in lowered collections of general tax revenues as determined by the budget agency under section 14 of this chapter; and

(3) assist allocation areas under IC 6-1.1-21.2.

(c) The tax relief fund shall be administered by the treasurer of state.

(d) The treasurer of state shall invest the money in the tax relief 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 tax relief fund.

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

Sec. 10. (a) The tuition support stabilization fund is established.

(b) The purpose of the tuition support stabilization fund is to provide a source of money to maintain tuition support distributions from the state to school corporations when economic conditions result in lowered collections of general tax revenues as determined by the budget agency under section 15 of this chapter.

(c) The tuition support stabilization fund shall be administered by the treasurer of state.

(d) The treasurer of state shall invest the money in the tuition support stabilization 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 tuition support stabilization fund.

(e) Money in the tuition support stabilization fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 11. (a) At the same time that the budget director makes a determination under IC 4-10-18-5 (determination of appropriations to or from the countercyclical revenue and economic stabilization fund), the budget director shall determine the unused 21st century tax plan balance for the immediately preceding year under this section.

C o p y

(b) The unused 21st century tax plan balance for a state fiscal year is the amount determined under the last STEP of the following formula:

STEP ONE: Calculate the net amount of additional state general fund revenue accruing to the state general fund in the immediately preceding state fiscal year as a result of:

(A) the enactment of a business franchise tax (IC 6-2.2);

(B) reduction of the property tax replacement credit (IC 6-1.1-21);

(C) the increase in the adjusted gross income tax rates (IC 6-3-1 through IC 6-3-7) for persons after offsetting the impact of the increased renter's deduction (IC 6-3-2-6) and the earned income credit (IC 6-3.1-21);

(D) the increase in the adjusted gross income tax rate on corporations (IC 6-3-1 through IC 6-3-7) after offsetting the impact on state tax liability of the establishment of the business personal property credit (IC 6-3.1-23.8) and investment credit (IC 6-3.1-24) and increasing the research expense credit (IC 6-3.1-4);

(E) the increase in the state gross retail and use taxes (IC 6-2.5);

(F) the elimination of the gross income tax (IC 6-2.1) for taxpayers other than public utility companies); and

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

enacted by the general assembly in 2002.

STEP TWO: Calculate the amount of additional expenses incurred by the state in the immediately preceding state fiscal year as a result of the:

(A) assumption of county contributions to the medical assistance to wards program under IC 12-13-8 (repealed);

(B) assumption of county contributions to the children with special health care needs program under IC 16-35-3 (repealed);

(C) assumption of county contributions to the hospital care for the indigent program or the uninsured parent program required under IC 12-16-14 (repealed);

(D) assumption of fifty percent (50%) of the county obligation for child services (as defined in IC 12-19-7-1);

(E) assumption of the obligation to provide additional state tuition support to replace the fifty percent (50%) reduction in school general fund property tax levies (IC 6-1.1-19;

C o p y

IC 21-3-1.7); and

(F) increased homestead credit (IC 6-1.1-20.9);

enacted by the general assembly in 2002.

STEP THREE: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP ONE amount minus the STEP TWO amount.

Sec. 12. As soon as possible after making the determination under section 11 of this chapter, the budget director shall certify the unused 21st century tax plan balance amount determined under section 11 of this chapter to the treasurer of state.

Sec. 13. If the unused 21st century tax plan balance amount certified under section 12 of this chapter is greater than zero (0), the treasurer of state shall transfer the following amounts from the state general fund:

(1) Fifty percent (50%) of the unused 21st century tax plan balance to the tax relief fund.

(2) Fifty percent (50%) of the unused 21st century tax plan balance to the tuition support stabilization fund.

Sec. 14. An amount of money in the tax relief fund determined by the budget director may be used to meet the state's obligations to:

(1) maintain homestead credit distributions from the state to political subdivisions when economic conditions result in lowered collections of general tax revenues as determined by the budget agency under section 14 of this chapter if the budget director determines that general fund revenues being collected in the state fiscal year are insufficient to meet the state's obligations for the distributions described in this subdivision;

(2) provide a source of money to meet the following obligations assumed by the state:

(A) assumption of county contributions to the medical assistance to wards program under IC 12-13-8 (repealed);

(B) assumption of county contributions to the children with special health care needs program under IC 16-35-3 (repealed);

(C) assumption of county contributions to the hospital care for the indigent program or the uninsured parent program required under IC 12-16-14 (repealed);

(D) assumption of fifty percent (50%) of the county obligation for child services (as defined in IC 12-19-7-1);

C o p y

when economic conditions result in lowered collections of general tax revenues as determined by the budget agency under section 14 of this chapter if the budget director determines that general fund revenues being collected in the state fiscal year are insufficient to meet the state's obligations for the distributions described in this subdivision; and

(3) subject to section 15 of this chapter, assist allocation areas under IC 6-1.1-21.2, if the department of local government finance orders a distribution from the tax relief fund under IC 6-1.1-21.2.

Sec. 15. (a) Money in the tax relief fund, after making any distributions necessary under section 14 of this chapter, is available to make the distributions to allocation areas (as defined in IC 6-1.1-21.2-2) approved by the department of local government finance under IC 6-1.1-21.2 (distribution of tax increment replacement amounts).

(b) The budget director shall make distributions under this section in conformity with the schedule determined by the department of local government finance.

(c) If in any state fiscal year insufficient money is available in the tax relief fund to make all of the distributions approved under IC 6-1.1-21.2 for a state fiscal year, the budget director shall proportionately reduce the total distribution made to each allocation area in the state fiscal year. The reduced amount is equal to the amount approved for distribution to the allocation area multiplied by a fraction. The numerator is the amount available for distribution to allocation areas (as defined in IC 6-1.1-21.2-2). The denominator is the amount approved for distribution to allocation areas (as defined in IC 6-1.1-21.2-2) under IC 6-1.1-21.2. The budget director may reduce or delay any scheduled distribution to comply with this subsection.

Sec. 16. An amount of money in the tuition support stabilization fund determined by the budget director may be used to meet the state's obligations for tuition support distributions to school corporations in a state fiscal year if the budget director determines that general fund revenues being collected in the state fiscal year are insufficient to meet the state's obligations for tuition support.

SECTION 5. IC 4-12-9-1, AS ADDED BY P.L.21-2000, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. ~~As used in~~ **The following definitions apply throughout** this chapter:

(1) "Fund" refers to the tobacco farmers ~~and rural community~~

C o p y

~~impact~~ fund established by section 2 of this chapter.

(2) "Master settlement agreement" has the meaning set forth in IC 24-3-3-6.

(3) "Phase II agreement" refers to the National Tobacco Grower Settlement Trust Agreement entered into by tobacco growing states and major tobacco companies and dated July 19, 1999.

(4) "Phase II payment program" refers to the payments to tobacco growers and quota owners established by the National Tobacco Grower Settlement Trust Agreement entered into by tobacco growing states and major tobacco companies and dated July 19, 1999.

(5) "Tobacco grower" has the meaning set forth in the National Tobacco Grower Settlement Trust Agreement.

(6) "Tobacco quota owner" has the meaning set forth in the National Tobacco Grower Settlement Trust Agreement.

SECTION 6. IC 4-12-9-2, AS AMENDED BY P.L.291-2001, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The tobacco farmers ~~and rural community impact~~ fund is established. The fund shall be administered by the commissioner of agriculture. The fund consists of:

(1) amounts, if any, that another statute requires to be distributed to the fund from the Indiana tobacco master settlement agreement fund;

(2) appropriations to the fund from other sources;

(3) grants, gifts, and donations intended for deposit in the fund; and

(4) interest that accrues from money in the fund.

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

(c) Notwithstanding IC 5-13, 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 money is invested by the public employees retirement fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts.

(d) Money in the fund at the end of the state fiscal year does not revert to the state general fund and remains available for expenditure.

SECTION 7. IC 4-12-9-3, AS AMENDED BY P.L.291-2001, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) Subject to subsection (b), money in the fund

C o p y

shall be used for the following purposes:

(1) Agricultural grant and loan programs to assist cooperative arrangements consisting of tobacco quota owners and tobacco growers working together to transition from tobacco production to other agricultural enterprises and to assist individual tobacco quota owners and tobacco growers who are in the process of transitioning to other agricultural enterprises.

(2) Value-added cooperatives, incubators, and other enterprises or facilities established for the purpose of assisting tobacco quota owners and tobacco growers to capture additional revenues from non-tobacco agricultural commodities.

(3) Agricultural mentoring programs, entrepreneurial leadership development, and tuition and scholarships to assist displaced tobacco growers in acquiring new training and employment skills.

(4) Academic research to identify new transitional crop enterprises to replace tobacco production.

(5) Market facility development for marketing current and new crop enterprises.

(6) Administrative and planning services for local communities and economic development entities that suffer a negative impact from the loss of tobacco production.

(7) Establishment and operation of a regional economic development consortium to address common problems faced by local communities that suffer a negative impact from the loss of tobacco production.

(b) Expenditures from the fund are subject to appropriation by the general assembly and approval by the commissioner of agriculture. The commissioner of agriculture may not approve an expenditure from the fund unless that expenditure has been recommended by the advisory board established by section 4 of this chapter.

SECTION 8. IC 4-12-9-4, AS ADDED BY P.L.291-2001, SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. (a) The tobacco farmers ~~and rural community impact~~ fund advisory board is established. The advisory board shall meet at least quarterly and at the call of the commissioner of agriculture to make recommendations concerning expenditures of money from the fund.

(b) The advisory board consists of the following:

(1) The commissioner of agriculture, who is an ex officio member and serves as chairperson of the advisory board.

(2) Two (2) members of the senate, who may not be members of the same political party, appointed by the president pro tempore

C o p y

of the senate.

(3) Two (2) members of the house of representatives, who may not be members of the same political party, appointed by the speaker of the house of representatives.

(4) The following appointees by the governor who represent the following organizations or interests:

(A) Two (2) tobacco growers.

(B) One (1) tobacco quota owner.

(C) Two (2) persons with knowledge and experience in state and regional economic development needs.

(D) One (1) person representing small towns or rural communities.

(E) One (1) person representing the Indiana Rural Development Council.

(F) One (1) person representing the Southern Indiana Rural Development Project.

(G) One (1) person representing agricultural programs at universities located in Indiana.

The members of the advisory board listed in subdivisions (1) through (3) are nonvoting members. The members of the advisory board listed in subdivision (4) are voting members.

(c) The term of office of a legislative member of the advisory board is four (4) years. However, a legislative member of the advisory board ceases to be a member of the advisory board if the member:

(1) is no longer a member of the chamber from which the member was appointed; or

(2) is removed from the advisory board under subsection (d).

(d) A legislative member of the advisory board may be removed at any time by the appointing authority who appointed the legislative member.

(e) The term of office of a member of the advisory board appointed under subsection (a)(4) is four (4) years. However, these members serve at the pleasure of the governor and may be removed for any reason.

(f) If a vacancy exists on the advisory board with respect to a legislative member or the members appointed under subsection (a)(4), the appointing authority who appointed the former member whose position has become vacant shall appoint an individual to fill the vacancy for the balance of the unexpired term.

(g) Five (5) voting members of the advisory board constitute a quorum for the transaction of business at a meeting of the advisory board. The affirmative vote of at least five (5) voting members of the

C o p y

advisory board is necessary for the advisory board to take action.

(h) Each member of the advisory board who is not a state employee is not entitled to the minimum salary per diem provided by IC 4-10-11-2.1(b). The member is, however, entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(i) Each member of the advisory board who is a state employee but who is not a member of the general assembly is entitled to reimbursement for traveling expenses as provided under IC 4-13-1-4 and other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

(j) Each member of the advisory board who is a member of the general assembly is entitled to receive the same per diem, mileage, and travel allowances paid to legislative members of interim study committees established by the legislative council. Per diem, mileage, and travel allowances paid under this subsection shall be paid from appropriations made to the legislative council or the legislative services agency.

(k) Payments authorized for members of the advisory board under subsections (h) through (i) are payable from the tobacco farmers and rural community impact fund.

SECTION 9. IC 4-12-9-5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 5. (a) If the payments due and payable to:**

(1) tobacco growers; and

(2) tobacco quota owners;

under the Phase II payment program are less than the amount established in the Phase II agreement, the Phase II payment program shall be supplemented from the master settlement agreement to make the total payments to tobacco growers and tobacco quota owners equal to the amount described in the Phase II agreement.

(b) If payments owed tobacco growers and tobacco quota owners are less than the amount described in the Phase II agreement:

(1) the commissioner of agriculture shall determine how much money from the master settlement agreement is required to make up the difference between the amount due under the

C o p y

Phase II payment program and the amount established in the Phase II agreement;

(2) the commissioner of agriculture shall certify this amount to the budget agency and the auditor of state; and

(3) the amount certified by the commissioner of agriculture shall be transferred from the master settlement agreement to the Phase II payment program.

(c) This section expires January 1, 2010.".

Page 3, delete lines 24 through 42, begin a new paragraph and insert:

"SECTION 2. IC 4-21.5-2-4, AS AMENDED BY P.L.198-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) This article does not apply to any of the following agencies:

(1) The governor.

(2) The state board of accounts.

(3) The state educational institutions (as defined by IC 20-12-0.5-1).

(4) The department of workforce development.

(5) The unemployment insurance review board of the department of workforce development.

(6) The worker's compensation board.

(7) The military officers or boards.

(8) The Indiana utility regulatory commission.

(9) The department of state revenue (excluding an agency action related to the licensure of private employment agencies **or an agency action under IC 6-2.2-12-2 through IC 6-2.2-12-7).**

(b) This article does not apply to action related to railroad rate and tariff regulation by the Indiana department of transportation.

SECTION 10. IC 4-15-15 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 15. Unpaid Leave for State Employees

Sec. 1. As used in this chapter, "employee" means a person who is employed full time by a state agency.

Sec. 2. As used in this chapter, "state agency" means an authority, a board, a branch, a bureau, a commission, a committee, a council, a department, a division, an office, an officer, a service, or an instrumentality of the executive, judicial, or legislative branch of state government. The term does not include state supported colleges or universities or the agencies of any municipality or political subdivision of the state.

C o p y

Sec. 3. (a) An employee of a state agency who obtains consent from the employee's supervisor or appointing authority shall be granted leave from work without pay for not more than one (1) work day per month.

(b) The leave permitted under this chapter does not accrue to the employee if the leave is unused during the month for which it is allowed.

(c) An employee granted leave under this chapter does not lose accrued:

(1) seniority;
(2) vacation leave;
(3) sick leave;
(4) personal vacation days;
(5) compensatory time off; or
(6) overtime.

SECTION 11. IC 4-30-17-3.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3.5. (a) Two (2) segregated accounts shall be established within the build Indiana fund as follows:

(1) The state and local capital projects account.
(2) The lottery and gaming surplus account.

(b) Upon receiving surplus lottery revenue distributions from the state lottery commission and surplus gaming revenue distributions from the state gaming commission, the treasurer of state shall credit the surplus lottery revenue and surplus gaming revenue to the lottery and gaming surplus account. All money remaining in the lottery and gaming surplus account after the ~~transfer~~ **transfers** required by ~~subsection~~ **subsections** (c) **and (e)** shall be transferred to the state and local capital projects account.

(c) Before the twenty-fifth day of the month, the auditor of state shall transfer from the lottery and gaming surplus account to the state general fund motor vehicle excise tax replacement account an amount equal to the following:

(1) In calendar year 1996, eleven million six hundred twenty-five thousand dollars ($11,625,000) per month.
(2) In calendar year 1997, twelve million nine hundred twenty-five thousand twenty dollars ($12,925,020) per month.
(3) In calendar year 1998, fifteen million ten thousand dollars ($15,010,000) per month.
(4) In calendar year 1999, seventeen million one hundred ninety-two thousand dollars ($17,192,000) per month.
(5) In calendar year 2000 nineteen million four hundred

C o p y

thirty-five thousand two hundred ten dollars ($19,435,210) per month.

(6) In calendar year 2001 and each year thereafter, nineteen million six hundred eighty-four thousand three hundred seventy dollars ($19,684,370) per month.

(d) This subsection applies only if insufficient money is available in the lottery and gaming surplus account of the build Indiana fund to make the distributions to the state general fund motor vehicle excise tax replacement account that are required under subsection (c). Before the twenty-fifth day of each month, the auditor of state shall transfer from the state general fund to the state general fund motor vehicle excise tax replacement account the difference between:

(1) the amount that subsection (c) requires the auditor of state to distribute from the lottery and gaming surplus account of the build Indiana fund to the state general fund motor vehicle excise tax replacement account; and

(2) the amount that is available for distribution from the lottery and gaming surplus account in the build Indiana fund to the state general fund motor vehicle excise tax replacement account.

The transfers required under this subsection are annually appropriated from the state general fund.

(e) Before the last business day of January, April, July, and October of each year, and after the transfers required by subsection (c), the auditor of state shall transfer twenty-five million dollars ($25,000,000) from the lottery and gaming surplus account to the state general fund.".

Delete pages 4 through 7, begin a new paragraph and insert:

"SECTION 14. IC 4-33-12-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. A tax is imposed on admissions to gambling excursions authorized under this article at a rate of ~~three~~ **four** dollars ~~($3)~~ **($4)** for each person admitted to the gambling excursion. This admission tax is imposed upon the licensed owner conducting the gambling excursion.

SECTION 12. IC 4-33-12-6, AS AMENDED BY P.L.215-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsection (c) and IC 6-3.1-20-7, the treasurer of state shall ~~quarterly~~ **monthly** pay the following amounts:

(1) One dollar ($1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to:

C o p y

(A) the city in which the riverboat is docked, if the city:

(i) is described in IC 4-33-6-1(a)(1) through IC 4-33-6-1(a)(4) or in IC 4-33-6-1(b); or

(ii) is contiguous to the Ohio River and is the largest city in the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) One dollar ($1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar ($1) is in addition to the one dollar ($1) received under subdivision (1)(B).

(3) Ten cents ($0.10) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Fifteen cents ($0.15) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during a quarter shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Ten cents ($0.10) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Sixty-five cents ($0.65) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be

C o p y

made for long term capital investment or construction and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(7) One dollar ($1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the state general fund.

(c) With respect to tax revenue collected from a riverboat that operates on Patoka Lake, the treasurer of state shall ~~quarterly~~ **monthly** pay the following amounts:

(1) The counties described in IC 4-33-1-1(3) shall receive one dollar ($1) of the admissions tax collected for each person embarking on the riverboat during the quarter. This amount shall be divided equally among the counties described in IC 4-33-1-1(3).

(2) The Patoka Lake development account established under IC 4-33-15 shall receive one dollar ($1) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(3) The resource conservation and development program that:

(A) is established under 16 U.S.C. 3451 et seq.; and

(B) serves the Patoka Lake area;

shall receive forty cents ($0.40) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(4) The state general fund shall receive fifty cents ($0.50) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(5) The division of mental health and addiction shall receive ten cents ($0.10) of the admissions tax collected for each person embarking on the riverboat during the quarter. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(d) Money paid to a unit of local government under subsection (b)(1) through (b)(2) or subsection (c)(1):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5, but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other

C o p y

obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(e) Money paid by the treasurer of state under subsection (b)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(f) Money received by the division of mental health and addiction under subsections (b)(5) and (c)(5):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

SECTION 13. IC 4-33-13-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) A tax is imposed on the adjusted gross receipts received from gambling games authorized under this article at the rate of:

(1) twenty percent (20%) of the ~~amount~~ **first twenty-five million dollars ($25,000,000)** of ~~the~~ adjusted gross receipts **of a taxpayer in a taxable year; and**

(2) twenty-two and five-tenths percent (22.5%) of adjusted gross receipts of a taxpayer in a taxable year that exceed twenty-five million dollars ($25,000,000).

(b) The licensed owner shall remit the tax imposed by this chapter to the department before the close of the business day following the day the wagers are made.

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(e)).

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the

C o p y

licensed owner to file a monthly report to reconcile the amounts remitted to the department.

(e) The department may allow taxes remitted under this section to be reported on the same form used for taxes paid under IC 4-33-12.

(f) Each month the department shall determine the following:

(1) The amount of taxes imposed by this chapter that are remitted by a licensed owner.

(2) The amount of taxes imposed by this chapter that would have been remitted by a licensed owner if the licensed owner's adjusted gross receipts received from gambling games authorized by this article had been taxed at the rate of twenty percent (20%).

(3) The result of the subdivision (2) amount multiplied by twenty-five percent (25%).

(4) The result of the subdivision (2) amount multiplied by seventy-five percent (75%).

(5) The result of the subdivision (1) amount minus the subdivision (2) amount.

SECTION 14. IC 4-33-13-5, AS AMENDED BY P.L.273-1999, SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) ~~Twenty-five percent (25%) of the tax revenue remitted by~~ **The amount determined under section 1(f)(3) of this chapter for** each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a city described in IC 4-33-12-6(b)(1)(A);

(B) in equal shares to the counties described in IC 4-33-1-1(3), in the case of a riverboat whose home dock is on Patoka Lake; or

(C) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A) or a county described in clause (B); and

(2) ~~Seventy-five percent (75%) of the tax revenue remitted by~~ **The amount determined under section 1(f)(4) of this chapter for** each licensed owner shall be paid to the build Indiana fund lottery and gaming surplus account.

(3) The amount determined under section 1(f)(5) of this

C o p y

chapter for each licensed owner shall be paid to the state general fund.".

Page 8, delete lines 1 through 4.

Page 8, delete lines 40 through 41, begin a new paragraph and insert:

"SECTION 3. IC 6-1.1-1-8.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.7. "Low income housing" means real property that on an assessment date is used to obtain any of the following benefits:**

(1) Low income housing credits under Section 42 of the Internal Revenue Code.

(2) Low interest loans for benefits from the United States Department of Agriculture Rural Housing Section 515 Program.

(3) Below market, federally insured, or governmental financing for housing, including tax exempt bonds under Section 142 of the Internal Revenue Code for qualified residential rental projects.

(4) A low interest loan under Section 235 or 236 of the National Housing Act (12 U.S.C. 1715z or 12 U.S.C. 1715z-1) or 42 U.S.C. 1485.

(5) A government rent subsidy for housing.

(6) A government guaranteed loan for a housing project.

SECTION 15. IC 6-1.1-1-8.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.8. "Multifamily dwelling complex" refers to one (1) or more adjacent tracts and the building or buildings on the tracts that each contain at least two (2) residential units and are under common management or control.**

SECTION 16. IC 6-1.1-1-13.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 13.5. (a) "Principal rental dwelling" refers to residential improvements to land that an individual with a leasehold interest in the property uses as the individual's principal place of residence, regardless of whether the individual is absent from the property while in a facility described in subsection (b).**

(b) The term does not include any of the following:

(1) A hospital licensed under IC 16-21.

(2) A health facility licensed under IC 16-28.

(3) A residential facility licensed under IC 16-28.

C o p y

(4) A Christian Science home or sanatorium.

(5) A group home licensed under IC 12-17.4 or IC 12-28-4.

(6) An establishment that serves as an emergency shelter for victims of domestic violence, homeless persons, or other similar purpose.

(7) A fraternity, sorority, or student cooperative housing organization described in IC 6-2.1-3-19.

SECTION 17. IC 6-1.1-3-7.5, AS AMENDED BY P.L.198-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7.5. (a) A taxpayer may file an amended personal property tax return, in conformity with the rules adopted by the state board of tax commissioners (before the board was abolished) or the department of local government finance, not more than six (6) months after the later of the following:

(1) The filing date for the original personal property tax return. if the taxpayer is not granted an extension in which to file under section 7 of this chapter.

(2) The extension date for the original personal property tax return, if the taxpayer is granted an extension under section 7 of this chapter.

(b) A tax adjustment related to an amended personal property tax return shall be made in conformity with rules adopted under IC 4-22-2 by the state board of tax commissioners (before the board was abolished) or the department of local government finance.

(c) If a taxpayer wishes to correct an error made by the taxpayer on the taxpayer's original personal property tax return, the taxpayer must file an amended personal property tax return under this section within the time required by subsection (a). A taxpayer may claim on an amended personal property tax return any adjustment or exemption that would have been allowable under any statute or rule adopted by the state board of tax commissioners (before the board was abolished) or the department of local government finance if the adjustment or exemption had been claimed on the original personal property tax return.

(d) Notwithstanding any other provision, if:

(1) a taxpayer files an amended personal property tax return under this section in order to correct an error made by the taxpayer on the taxpayer's original personal property tax return; and

(2) the taxpayer is entitled to a refund of personal property taxes paid by the taxpayer under the original personal property tax return;

the taxpayer is not entitled to interest on the refund.

C o p y

(e) If a taxpayer files an amended personal property tax return for a year before July 16 of that year, the taxpayer shall pay taxes payable in the immediately succeeding year based on the assessed value reported on the amended return.

(f) If a taxpayer files an amended personal property tax return for a year after July 15 of that year, the taxpayer shall pay taxes payable in the immediately succeeding year based on the assessed value reported on the taxpayer's original personal property tax return. A taxpayer that paid taxes under this subsection is entitled to a credit in the amount of taxes paid by the taxpayer on the remainder of:

(1) the assessed value reported on the taxpayer's original personal property tax return; minus

(2) the finally determined assessed value that results from the filing of the taxpayer's amended personal property tax return.

Except as provided in subsection (k), the county auditor shall apply the credit against the taxpayer's property taxes on personal property payable in the year that immediately succeeds the year in which the taxes were paid.

(g) If the amount of the credit to which the taxpayer is entitled under subsection (f) exceeds the amount of the taxpayer's property taxes on personal property payable in the year that immediately succeeds the year in which the taxes were paid, the county auditor shall apply the amount of the excess credit against the taxpayer's property taxes on personal property in the next succeeding year.

(h) Not later than December 31 of the year in which a credit is applied under subsection (g), the county auditor shall refund to the taxpayer the amount of any excess credit that remains after application of the credit under subsection (g).

(i) The taxpayer is not required to file an application for:

(1) a credit under subsection (f) or (g); or

(2) a refund under subsection (h).

(j) Before August 1 of each year, the county auditor shall provide to each taxing unit in the county an estimate of the total amount of the credits under subsection (f) or (g) that will be applied against taxes imposed by the taxing unit that are payable in the immediately succeeding year.

(k) A county auditor may refund a credit amount to a taxpayer before the time the credit would otherwise be applied against property tax payments under this section.

(l) The county auditor shall report to the department of state revenue any refund or credit to a taxpayer made under this section resulting from a reduction of the amount of an assessment of

C o p y

business personal property (as defined in IC 6-3.1-24-2).

SECTION 18. IC 6-1.1-4-4, AS AMENDED BY P.L.198-2001, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2000, and each fourth year thereafter. Each reassessment shall be completed on or before March 1, of the immediately following even-numbered year, and shall be the basis for taxes payable in the year following the year in which the general assessment is to be completed. **However, the general reassessment scheduled to begin under this subsection on July 1, 2000, shall be completed on or before March 1, 2003, and shall be the basis for taxes first due and payable in 2004.**

(b) In order to ensure that assessing officials and members of each county property tax assessment board of appeals are prepared for a general reassessment of real property, the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall give adequate advance notice of the general reassessment to the county and township taxing officials of each county.

SECTION 19. IC 6-1.1-4-32, AS ADDED BY P.L.151-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "qualifying county" means a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(b) Notwithstanding IC 6-1.1-4-15 and IC 6-1.1-4-17, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be completed for the March 1, ~~2002,~~ **2003,** assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

(1) a township assessor in a qualifying county; or

(2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the state board of tax commissioners or the state board's contractor under subsection (c) any support and information requested by the state board or the contractor.

(c) The state board of tax commissioners **or its successor, the department of local government finance,** shall select and contract with a nationally recognized certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be completed for the March 1, ~~2002,~~ **2003,** assessment date. The contract

C o p y

applies for the appraisal of land and improvements with respect to all classes of real property in the qualifying county. The contract must include:

(1) a provision requiring the appraisal firm to:

(A) prepare a detailed report of:

(i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under ~~IC 6-1.1-4-28;~~ **section 28.5 of this chapter;** and

(ii) the balance in the reassessment fund as of the date of the report; and

(B) file the report with:

(i) the legislative body of the qualifying county;

(ii) the prosecuting attorney of the qualifying county;

(iii) the ~~state board~~ **department** of ~~tax commissioners;~~ **local government finance;** and

(iv) the attorney general;

(2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;

(3) a provision requiring the appraisal firm to use the land values determined for the qualifying county under ~~IC 6-1.1-4-13.6;~~ **section 13.6 of this chapter;**

(4) a penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within the specified time;

(5) a provision requiring the appraisal firm to make periodic reports to the state board of tax commissioners;

(6) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (5) are to be made;

(7) a precise stipulation of what service or services are to be provided;

(8) a provision requiring the appraisal firm to deliver a report of the assessed value of each parcel in a township in the qualifying county to the ~~state board~~ **department** of ~~tax commissioners;~~ **local government finance;** and

(9) any other provisions required by the state board of tax commissioners.

(d) After receiving the report of assessed values from the appraisal firm, the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment is subject to appeal by the taxpayer to the ~~state~~ **Indiana**

C o p y

board. ~~of tax commissioners.~~ Except as provided in subsection (e), the procedures and time limitations that apply to an appeal to the ~~state~~ **Indiana** board ~~of tax commissioners~~ of a determination of the county property tax assessment board of appeals under IC 6-1.1-15 apply to an appeal under this subsection. A determination by the ~~state~~ **Indiana** board ~~of tax commissioners~~ of an appeal under this subsection is subject to appeal to the tax court under IC 6-1.1-15.

(e) In order to obtain a review by the ~~state~~ **Indiana** board ~~of tax commissioners~~ under subsection (d), the taxpayer must file a petition for review with the appropriate county assessor within forty-five (45) days after the notice of the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** is given to the taxpayer under subsection (d).

(f) The ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall mail the notice required by subsection (d) within ninety (90) days after the board receives the report for a parcel from the professional appraisal firm.

(g) The cost of a contract under this section shall be paid from the property reassessment fund of the qualifying county established under ~~IC 6-1.1-4-27.~~ **section 27.5 of this chapter.**

(h) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the state board of tax commissioners **or its successor, the department of local government finance,** under this section:

(1) The commissioner of the department of administration.
(2) The director of the budget agency.
(3) The attorney general.
(4) The governor.

A contract issued under this section by the state board of tax commissioners shall be treated as the contract of the department of local government finance for all purposes.

(i) With respect to a general reassessment of real property to be completed under IC 6-1.1-4-4 for an assessment date after the March 1, ~~2002,~~ **2003,** assessment date, the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying county. The ~~state board~~ **department of local government finance** may contract to have the review performed by an appraisal firm. The ~~state board~~ **department of local government finance** or its contractor shall determine for the real property under consideration and for the qualifying county or township

C o p y

the variance between:

(1) the total assessed valuation of the real property within the qualifying county or township; and

(2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(j) If:

(1) the variance determined under subsection (i) exceeds ten percent (10%); and

(2) the ~~state board~~ **department of local government finance** determines after holding hearings on the matter that a special reassessment should be conducted;

the ~~state board~~ **department of local government finance** shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

(k) If the variance determined under subsection (i) is ten percent (10%) or less, the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall determine whether to correct the valuation of the property under:

(1) sections 9 and 10 of this chapter; or

(2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

(l) The ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall give notice by mail to a taxpayer of a hearing concerning the ~~state board's~~ intent **of the department of local government finance** to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The ~~state board~~ **department of local government finance** may conduct a single hearing under this section with respect to multiple properties. The notice must state:

(1) the time of the hearing;

(2) the location of the hearing; and

(3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the ~~state board's~~ intent **of the department of local government finance** to reassess property under this chapter.

(m) If the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** determines after the hearing that property should be reassessed under this section, the ~~state board~~ **department of local government finance** shall:

(1) cause the property to be reassessed under this section;

(2) mail a certified notice of its final determination to the county

C o p y

auditor of the qualifying county in which the property is located; and

(3) notify the taxpayer by mail of its final determination.

(n) A reassessment may be made under this section only if the notice of the final determination under subsection (l) is given to the taxpayer within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

(o) If the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** contracts for a special reassessment of property under this section, the ~~state board~~ **department of local government finance** shall forward the bill for services of the contractor to the county auditor, and the county shall pay the bill from the county reassessment fund.

(p) A township assessor in a qualifying county or a county assessor of a qualifying county shall provide information requested in writing by the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** or ~~the state board's~~ **its** contractor under this section not later than seven (7) days after receipt of the written request from the state board or the contractor. If a township assessor or county assessor fails to provide the requested information within the time permitted in this subsection, the ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** or ~~the state board's~~ **its** contractor may seek an order of the tax court under IC 33-3-5-2.5 for production of the information.

(q) The provisions of this section are severable in the manner provided in IC 1-1-1-8(b).

SECTION 20. IC 6-1.1-4-33 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 33. (a) This section applies only to property taxes first due and payable in 2003.**

(b) Notwithstanding the rulemaking authority granted to the department of local government finance under IC 6-1.1, the repeal of various provisions in 50 IAC 2.2 by LSA Document #00-108, and the repeal of various provisions in 50 IAC 5.1 by LSA Document #01-347, the determination of the assessed value of tangible real property on an assessment date in calendar year 2002 shall be made in accordance with the:

(1) statutes; and

(2) rules of the state board of tax commissioners (before its termination);

in effect on July 1, 2001, and any statute enacted by the general assembly in 2002 that applies to an assessment date in 2002.

C o p y

(c) This section expires January 1, 2004.

SECTION 21. IC 6-1.1-6.9 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 6.9. Rental and Cooperative Housing

Sec. 1. Except as provided in sections 2 and 3 of this chapter, an assessing official, for an original appraisal or an appeal of an appraisal, shall consider all relevant information in determining the true tax value of rental and cooperative housing to the extent that the information is allowed under the rules adopted by the state board of tax commissioners before January 1, 2002, or the department of local government finance after December 31, 2001. Relevant information consists of the following:

(1) Rental levels and income.

(2) Actual construction costs.

(3) Comparable properties.

(4) Appraisals of the use value of the property.

(5) Contract or deed restrictions requiring low income housing to be rented at less than its fair market rental value.

(6) Any other information compiled in accordance with generally accepted appraisal principles.

Sec. 2. The true tax value of low income rental housing shall be determined using the capitalization of income method of valuation.

Sec. 3. The value of any tax incentive credits or other government subsidies, including below market financing, granted for the construction, conversion, or use of property as low income housing may not be considered in determining the true tax value of the property regardless of whether the credits or other subsidies are made available, directly or indirectly, to compensate the owner for the rental of low income housing at a rate that is less than the fair market rental rate for the property.

SECTION 23. IC 6-1.1-8-37.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 37.5. (a) As used in this section, "base period tax amount" means the total property taxes first due and payable in Indiana by a public utility company during the period beginning January 1, 2003, and ending December 31, 2003.**

(b) If the total property taxes first due and payable in Indiana by a public utility company in any year beginning after December 31, 2003, are less than the base period tax amount for the public utility company, the public utility company shall pay a special

C o p y

assessment equal to:

(1) the base period tax amount owed by the public utility company (after adjusting the amount to recognize the effect of the reduction in school and county levies required by statute after December 31, 2003); minus

(2) the total property taxes first due and payable in Indiana by the public utility company for the particular year.

The special assessment is due and payable in the same year as the taxes described in subdivision (2).

(c) The department of local government finance shall calculate the amount of the special assessment under subsection (b) and determine the part of the special assessment that is attributable to each affected county. The department shall certify the part of the special assessment due to an affected county to that county auditor for the county not later than March 15 of the year the special assessment is due. The county auditor shall certify the county's part of the special assessment to the county treasurer, and the county treasurer shall collect that amount in the same manner that ad valorem property taxes are collected.

(d) The accounts of each of the taxing units within an affected county shall be credited with a proportionate share of the special assessment collected by the county under subsection (c) equal to the amount of the special assessment collected by the county multiplied by a fraction. The numerator of the fraction is equal to the amount of ad valorem property taxes credited to the account from property taxes first due and payable from the public utility company in the particular year. The denominator is the total ad valorem property taxes credited to all accounts in the county from property taxes first due and payable from the public utility company in the particular year.

(e) The distribution of the special assessment under this section shall be treated as ad valorem property taxes for the purposes of setting tax rates, tax levies, and budgets of taxing units.

SECTION 24. IC 6-1.1-8.7-3, AS ADDED BY P.L.198-2001, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Before January 1, ~~2003,~~ **2004,** two hundred fifty (250) or more owners of real property in a township may petition the department of local government finance to assess the real property of an industrial facility in the township for the 2004 assessment date.

(b) Before January 1 of each year that a general reassessment commences under IC 6-1.1-4-4, two hundred fifty (250) or more

C o p y

owners of real property in a township may petition the department of local government finance to assess the real property of an industrial facility in the township for that general reassessment.

(c) An industrial company may at any time petition the department of local government finance to assess an industrial facility owned or used by the company.

SECTION 25. IC 6-1.1-12-37, AS AMENDED BY P.L.291-2001, SECTION 142, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 37. (a) Each year a person who is entitled to receive the homestead credit provided under IC 6-1.1-20.9 for property taxes payable in the following year is entitled to a standard deduction from the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property that qualifies for the homestead credit. The auditor of the county shall record and make the deduction for the person qualifying for the deduction.

(b) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

(1) one-half (1/2) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or

(2) ~~six~~ **twenty-five** thousand dollars ~~($6,000).~~ **($25,000).**

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 26. IC 6-1.1-12-41 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 41. (a) This section applies only to assessment dates in 2002 and property taxes first due and payable in 2002 for mobile homes and in 2003 for other tangible personal property.**

(b) As used in this section, "construction in process" means tangible personal property not placed in service. The term includes tangible personal property that has not been depreciated and is not yet eligible for federal income tax depreciation. The term does not include inventory, leased property, or returnable containers. The term applies to all tangible personal property regardless of

C o p y

whether it is owned by a public utility company or another taxpayer.

(c) A taxpayer is entitled to a deduction against the assessed value of tangible personal property equal to the greater of:

(1) zero (0); or

(2) the amount determined under subsection (d) or (e).

(d) The department of local government finance shall establish a method for computing a deduction for construction in process that results in an assessed value that is equal to the assessed value that would have been determined for the property under the personal property tax rules in effect for the 2001 assessment date.

(e) This subsection applies to tangible personal property that does not qualify as construction in process. The department of local government finance shall establish a method for computing a deduction for tangible personal property and mobile homes subject to assessment under IC 6-1.1-7 that results in the valuation of tangible personal property and mobile homes on a statewide basis at an amount that is equal to the assessed value that would have been determined for the tangible personal property and mobile homes under the personal property tax rules in effect for the 2001 assessment date.

(f) Each county auditor, with the assistance of the assessing officials in the county, shall review the personal property tax returns filed in the county for property taxes first due and payable in 2003. The county auditor shall identify each person owning property in the class of tangible personal property eligible for a deduction under this section and apply the deduction to the assessed value of the person's tangible personal property belonging to the class.

(g) Budgets, tax rates, and tax levies for 2003 must be computed using the assessed value of tangible personal property determined after the application of the deduction allowed under this section.

(h) This section expires January 1, 2004.

SECTION 27. IC 6-1.1-12-42 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 42. (a) This section applies to a multifamily dwelling complex.**

(b) The owner of a multifamily dwelling complex is entitled to a deduction from the assessed value of the multifamily dwelling complex equal to twenty-five thousand dollars ($25,000).

(c) A certificate of occupancy that complies with this subsection is prima facie evidence that the real property is a multifamily

C o p y

dwelling complex. To comply with this subsection, the certificate of occupancy must:

(1) be prepared on a form prescribed by the department of local government finance;

(2) be signed under penalties of perjury by owner of the multifamily dwelling complex or the principal officer of the entity owning the complex; and

(3) indicate that substantially all of the units in the multifamily dwelling complex were used as principal rental dwellings on an assessment date or within two (2) years before the assessment date.

(d) To obtain the deduction under this section, the:

(1) owner of the multifamily dwelling complex; or

(2) principal officer for the cooperative, common interest community, or owner's association owning the multi-family dwelling complex;

must file a certified application in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the property is subject to assessment. The certified application must be filed before May 11 in the year containing the assessment date to which the application applies.

(e) If the owner of the multifamily dwelling complex is eligible to receive:

(1) a homestead credit for the multifamily dwelling complex under IC 6-1.1-20.9; or

(2) the standard deduction for the multifamily dwelling complex under section 37 of this chapter;

the owner may not claim the deduction provided under this section.

(f) If the multifamily dwelling complex contains more than one (1) building with principal rental dwellings, the deduction provided this section shall be allocated among the tracts and buildings on the tracts in proportion to the assessed valuation of each tract and building.

SECTION 28. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.4-2000, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2002 (RETROACTIVE)]: Sec. 4.5. (a) For purposes of this section, "personal property" means personal property other than inventory (as defined in IC 6-1.1-3-11(a)).

(b) An applicant must provide a statement of benefits to the designating body. The applicant must provide the completed statement of benefits form to the designating body before the hearing specified in section 2.5(c) of this chapter or before the installation of the new

C o p y

manufacturing equipment or new research and development equipment, or both, for which the person desires to claim a deduction under this chapter. The state board of tax commissioners shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

(1) A description of the new manufacturing equipment or new research and development equipment, or both, that the person proposes to acquire.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment;

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment or new research and development equipment, or both, and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment or new research and development equipment, or both.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

With the approval of the state board of tax commissioners, 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.

(c) The designating body must review the statement of benefits required under subsection (b). The designating body shall determine whether an area should be designated an economic revitalization area or whether the deduction shall be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the cost of the new manufacturing equipment or new research and development equipment, or both, is reasonable for equipment of that type.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

C o p y

(B) new research and development equipment;

whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment or new research and development equipment, or both.

(3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed installation of new manufacturing equipment or new research and development equipment, or both.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.

(5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment or new research and development equipment, or both.

(6) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

(d) Except as provided in subsection (f), an owner of new manufacturing equipment whose statement of benefits is approved before May 1, 1991, is entitled to a deduction from the assessed value of that equipment for a period of five (5) years. Except as provided in subsections (f) and (i), an owner of new manufacturing equipment or new research and development equipment, or both, whose statement of benefits is approved after June 30, 2000, is entitled to a deduction from the assessed value of that equipment for the number of years determined by the designating body under subsection (h). Except as provided in subsections (f), ~~and~~ (g), **and (j)** and in section 2(i)(3) of this chapter, the amount of the deduction that an owner is entitled to for a particular year equals the product of:

(1) the assessed value of the new manufacturing equipment or new research and development equipment, or both, in the year ~~that the equipment is installed,~~ **of deduction under the table set**

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forth in subsection (e), as adjusted under section 4.7 of this chapter; multiplied by

(2) the percentage prescribed in the table set forth in subsection (e).

(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
3rd and thereafter	0%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%
5th and thereafter	0%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%
6th and thereafter	0%

(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%

C o p y

5th	34%
6th	25%
7th and thereafter	0%

(7) For deductions allowed over a seven (7) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	71%
4th	57%
5th	43%
6th	29%
7th	14%
8th and thereafter	0%

(8) For deductions allowed over an eight (8) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	75%
4th	63%
5th	50%
6th	38%
7th	25%
8th	13%
9th and thereafter	0%

(9) For deductions allowed over a nine (9) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	88%
3rd	77%
4th	66%
5th	55%
6th	44%
7th	33%
8th	22%
9th	11%
10th and thereafter	0%

(10) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	90%
3rd	80%
4th	70%

C o p y

5th	60%
6th	50%
7th	40%
8th	30%
9th	20%
10th	10%
11th and thereafter	0%

(f) Notwithstanding subsections (d) and (e), a deduction under this section is not allowed in the first year the deduction is claimed for new manufacturing equipment or new research and development equipment, or both, to the extent that it would cause the assessed value of all of the personal property of the owner in the taxing district in which the equipment is located (excluding personal property that is assessed as construction in process) to be less than the assessed value of all of the personal property of the owner in that taxing district (excluding personal property that is assessed as construction in process) in the immediately preceding year.

(g) If a deduction is not fully allowed under subsection (f) in the first year the deduction is claimed, then the percentages specified in subsection (d) or (e) apply in the subsequent years to the amount of deduction that was allowed in the first year.

(h) For an economic revitalization area designated before July 1, 2000, the designating body shall determine whether a property owner whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. For an economic revitalization area designated after June 30, 2000, the designating body shall determine the number of years the deduction is allowed. However, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

(1) as part of the resolution adopted under section 2.5 of this chapter; or

(2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the state board of tax commissioners. A certified copy of the resolution shall be sent to the county auditor and the state board of tax commissioners.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(i) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that

C o p y

assessment year the owner:

(1) is convicted of a violation under IC 13-7-13-3 (repealed), IC 13-7-13-4 (repealed), or IC 13-30-6; or

(2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

(j) The deduction determined under this subsection applies only to new manufacturing equipment or new research and development equipment, or both installed before March 2, 2001. The department of local government finance shall determine the deduction so that the amount of the deduction for the year bears the same proportion to the assessed value of the equipment for the year that the amount of the deduction determined for the year under this section as in effect on March 1, 2001, bears to the assessed value of the equipment determined for the year using 50 IAC 4.2 and 50 IAC 5.1 as in effect on January 1, 2001. The department of local government finance shall adopt rules under IC 4-22-2 for the implementation of this subsection.

SECTION 32. IC 6-1.1-15-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. If a review or appeal authorized under this chapter results in a reduction of the amount of an assessment or if the ~~state board of tax commissioners~~ **department of local government finance** on its own motion reduces an assessment, the taxpayer is entitled to a credit in the amount of any overpayment of tax on the next successive tax installment, if any, due in that year. If, after the credit is given, a further amount is due the taxpayer, he may file a claim for the amount due. If the claim is allowed by the board of county commissioners, the county auditor shall, without an appropriation being required, pay the amount due the taxpayer. The county auditor shall charge the amount refunded to the taxpayer against the accounts of the various taxing units to which the overpayment has been paid. **The county auditor shall report to the department of state revenue any refund or credit to a taxpayer made under this section resulting from a reduction of the amount of an assessment of business personal property (as defined in IC 6-3.1-24-2).**

SECTION 35. IC 6-1.1-18.5-9.7, AS AMENDED BY P.L.273-1999, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9.7. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem

C o p y

property taxes imposed under any of the following:

~~(1) IC 12-16, except IC 12-16-1,~~

~~(2)~~ **(1)** IC 12-19-5.

~~(3)~~ **(2)** IC 12-19-7.

~~(4)~~ **(3)** IC 12-20-24.

(b) For purposes of computing the ad valorem property tax levy limits imposed under section 3 of this chapter, a county's or township's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed under the citations listed in subsection (a).

(c) Section 8(b) of this chapter does not apply to bonded indebtedness that will be repaid through property taxes imposed under IC 12-19.

SECTION 36. IC 6-1.1-18.6-2, AS AMENDED BY P.L.273-1999, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. A county may not impose a county family and children property tax levy for an ensuing calendar year that exceeds the product of:

(1) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for the ensuing calendar year; multiplied by

(2) **for:**

(A) calendar year 2004, fifty percent (50%) of the maximum county family and children property tax levy that the county could have imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section; **and**

(B) calendar year 2005 and thereafter, the maximum county family and children property tax levy that the county could have imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section.

SECTION 37. IC 6-1.1-18.6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) A county may increase its maximum county family and children property tax levy for an ensuing calendar year if in the judgment of the county fiscal body the increase is necessary to pay the obligations that will be incurred by the county for children in need of services under IC 31-34-1-1 through IC 31-34-1-9 and delinquent children as described under IC 31-37-1 or IC 31-37-2 during the ensuing calendar year. The maximum increase that the county fiscal body may recommend for a county may not exceed:

C o p y

(1) **fifty percent (50%) of** the county's expected obligations under IC 31-34-1-1 through IC 31-34-1-9, IC 31-37-1, and IC 31-37-2 for the ensuing calendar year; minus

(2) the portion of the county's family and children's fund levy for the year preceding the ensuing calendar year that was available to pay obligations under IC 31-34-1-1 through IC 31-34-1-9, IC 31-37-1, and IC 31-37-2.

(b) In making its recommendation, the county fiscal body shall consider the county's estimate of expected obligations under IC 31-34-1-1 through IC 31-34-1-9, IC 31-37-1, and IC 31-37-2 but may make adjustments to the county's estimate.

(c) The decision of the county fiscal body under this section is a final determination that may not be appealed.

SECTION 38. IC 6-1.1-19-1.5, AS AMENDED BY P.L.291-2001, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

(1) "Adjustment factor" means the adjustment factor determined by the ~~state board of tax commissioners~~ **department of local government finance** for a school corporation under IC 6-1.1-34.

(2) "Adjusted target property tax rate" means:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the school corporation's adjustment factor.

(3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for an ensuing calendar year, impose a general fund ad valorem property tax levy which exceeds the following:

STEP ONE: Determine the result of:

(A) the school corporation's adjusted target property tax rate; minus

(B) the school corporation's previous year property tax rate.

STEP TWO: Determine the result of:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the quotient resulting from:

(i) the absolute value of the result of the school corporation's adjustment factor minus one (1); divided by

(ii) two (2).

C o p y

STEP THREE: If the school corporation's adjusted target property tax rate:

(A) exceeds the school corporation's previous year property tax rate, perform the calculation under STEP FOUR and not under STEP FIVE;

(B) is less than the school corporation's previous year property tax rate, perform the calculation under STEP FIVE and not under STEP FOUR; or

(C) equals the school corporation's previous year property tax rate, determine the levy resulting from using the school corporation's adjusted target property tax rate and do not perform the calculation under STEP FOUR or STEP FIVE.

~~The school corporation's 2002 assessed valuation shall be used for purposes of determining the levy under clause (C) in 2002 and in 2003.~~

STEP FOUR: Determine the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by the lesser of:

(A) the STEP ONE result; or

(B) the sum of:

(i) five cents ($0.05); plus

(ii) if the school corporation's adjustment factor is more than one (1), the STEP TWO result.

~~The school corporation's 2002 assessed valuation shall be used for purposes of determining the levy under this STEP in 2002 and in 2003.~~

STEP FIVE: **For a calendar year beginning before January 1, 2004,** determine the levy resulting from using the school corporation's previous year property tax rate after reducing the rate by the lesser of:

(A) the absolute value of the STEP ONE result; or

(B) the sum of:

(i) nine cents ($0.09); plus

(ii) if the school corporation's adjustment factor is less than one (1), the STEP TWO result.

~~The school corporation's 2002 assessed valuation shall be used for purposes of determining the levy under this STEP in 2002 and in 2003.~~

STEP SIX: **For a calendar year beginning after December 31, 2003, determine the levy resulting from using the school corporation's previous year property tax rate after reducing the rate by the absolute value of the STEP ONE result.**

C o p y

STEP SEVEN: Determine the result of:

(A) the STEP THREE (C), STEP FOUR, ~~or~~ STEP FIVE, **or STEP SIX** result, whichever applies; plus

(B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

The maximum levy is to include the portion of any excessive levy and the levy for new facilities.

(c) For purposes of this section, "total assessed value", as adjusted under subsection (d), with respect to a school corporation means the total assessed value of all taxable property for ad valorem property taxes first due and payable during that year.

(d) The ~~state board of tax commissioners~~ **department of local government finance** may adjust the total assessed value of a school corporation to eliminate the effects of appeals and settlements arising from a statewide general reassessment of real property.

(e) The ~~state board~~ **department of local government finance** shall annually establish an assessment ratio and adjustment factor for each school corporation to be used upon the review and recommendation of the budget committee. The information compiled, including background documentation, may not be used in a:

(1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13, IC 6-1.1-14, or IC 6-1.1-15;

(2) petition for a correction of error under IC 6-1.1-15-12; or

(3) petition for refund under IC 6-1.1-26.

(f) All tax rates shall be computed by rounding the rate to the nearest one-hundredth of a cent ($0.0001). All tax levies shall be computed by rounding the levy to the nearest dollar amount.

(g) The department of local government finance shall apply this section to:

(1) determine a school corporation's general fund ad valorem property tax levy for taxes due and payable after December 31, 2003; and

(2) effectuate the legislative intent of reducing each school corporation's general fund ad valorem property tax levy by fifty percent (50%) beginning January 1, 2004.

SECTION 39. IC 6-1.1-20.9-2, AS AMENDED BY P.L.291-2001, SECTION 125, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract

C o p y

that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

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

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

(2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is attributable to the homestead during the particular calendar year.

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

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

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2003	10%
2004 and thereafter	~~4%~~ **15%**

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

(e) Before October 1 of each year, the assessor shall furnish to the

C o p y

county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

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

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

(1) an individual uses the residence as the individual's principal place of residence;

(2) the residence is located in Indiana;

(3) the individual has a beneficial interest in the taxpayer;

(4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and

(5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

SECTION 40. IC 6-1.1-20.9-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 2.5. (a) Notwithstanding section 2 of this chapter, an individual's homestead credit computed under section 2 of this chapter for property taxes first due and payable in 2004, 2005, and 2006 is increased by the amount determined under STEP FIVE of the following formula:**

STEP ONE: Determine the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, that is attributable to the individual's homestead in the current year.

STEP TWO: Subtract from the STEP ONE amount that part, if any, of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, that is attributable to the individual's homestead in the current year as a result of improvements or additions to the individual's homestead after the 2002 assessment date.

STEP THREE: Determine the amount of property tax liability, as that term is defined in IC 6-1.1-21-5, that was attributable to the property described in STEP ONE during 2003.

STEP FOUR: Subtract the STEP THREE amount from the STEP TWO remainder.

STEP FIVE: If the STEP FOUR remainder is greater than zero (0), the amount of the increase is equal to:

C o p y

(A) twenty-five percent (25%) of the STEP FOUR remainder in 2004;

(B) eighteen percent (18%) of the STEP FOUR remainder in 2005;

(C) nine percent (9%) of the STEP FOUR remainder in 2006.

If the STEP FOUR remainder is less than zero (0), the amount of the increase is equal to zero (0).

(b) The department of local government finance may adopt rules under IC 4-22-2 to implement this section.

(c) This section expires January 1, 2006.

SECTION 41. IC 6-1.1-21-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) On or before March 1 of each year, the state board of tax commissioners shall certify to the department on a form approved by the state board of accounts, an estimate of the total county tax levy collectible in that calendar year for each county in the state. The estimate shall be based on the tax collections for the preceding calendar year, adjusted as necessary to reflect the total county tax levy (as defined in section 2(g) of this chapter) from the budgets, tax levies, and rates as finally determined and acted upon by the state board of tax commissioners. The department, with the assistance of the auditor of state, shall determine on the basis of the report an amount equal to ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of the total county tax levy, which is the estimated property tax replacement.

(b) In the same report containing the estimate of a county's total county tax levy, the state board of tax commissioners shall also certify the amount of homestead credits provided under IC 6-1.1-20.9 which are allowed by the county for the particular calendar year.

(c) If there are one (1) or more taxing districts in the county that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter, the state board of tax commissioners shall estimate an additional distribution for the county in the same report required under subsection (a). This additional distribution equals the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the estimated property tax replacement

C o p y

determined under subsection (a) that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(d) The sum of the amounts determined under subsections (a) through (c) is the particular county's estimated distribution for the calendar year.

SECTION 42. IC 6-1.1-21-4, AS AMENDED BY P.L.198-2001, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of each county's total county tax levy payable that year; ~~plus~~

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each

C o p y

county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), the department shall not distribute under subsection (b) and section 10 of this chapter the money attributable to the county's property reassessment fund if, by the date the distribution is scheduled to be made, the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance.

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county

C o p y

assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the state board or the department shall not distribute under subsection (b) and section 10 of this chapter a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by August 1 as described in this section bears to the total number of townships in the county.

(g) Money not distributed under subsection (e) shall be distributed to the county when the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1 with respect to which the failure to send resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of a county auditor to send a certified statement as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 43. IC 6-1.1-21-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. (a) Each year the taxpayers of each county shall receive a credit for property tax replacement in the amount of ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of the tax liability (as defined in this section) of each taxpayer for taxes which under IC 6-1.1-22-9 are due and payable in May and November of that year. The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the state board of tax commissioners. The tax liability of a taxpayer for the purpose of computing the credit for a particular year shall be based upon the

C o p y

taxpayer's tax liability as is evidenced by the tax duplicate for the taxes payable in that year, plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). However, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), (2)(g)(1)(H), 2(g)(1)(I), ~~or~~ 2(g)(1)(J), **or 2(g)(1)(K)** of this chapter in computing the total county tax levy.

(b) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of the taxes payable with respect to the assessments plus the adjustments stated in this section.

(c) Each taxpayer in a taxing district that contains all or part of an economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

(1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by

(2) the taxpayer's property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

SECTION 44. IC 6-1.1-21.2 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 21.2. Tax Increment Replacement

Sec. 1. This chapter applies to an allocation area in which:

(1) the holders of obligations received a pledge before January 1, 2002, of tax increment revenues to pay any part of the obligations due after December 31, 2002; and

(2) a change in the determination of the assessed value of tangible personal property resulting from a change in the rules governing the assessment of tangible personal property in effect on January 1, 2001 (50 IAC 5.1; 50 IAC 4.2) causes the governing body to be unable to pay the obligations described in subdivision (1).

C o p y

Sec. 2. For purposes of this section, "additional credit" means:

(1) for allocation areas created under IC 6-1.1-39, the additional credit described in IC 6-1.1-39-6(a);

(2) for allocation areas created under IC 8-22-3.5, the additional credit described in IC 8-22-3.5-10(a);

(3) for allocation areas created under IC 36-7-14, the additional credit described in IC 36-7-14-39.5(c);

(4) for allocation areas created under IC 36-7-14.5, the additional credit described in IC 36-7-14.5-12.5(d)(5);

(5) for allocation areas created under IC 36-7-15.1:

(A) the additional credit described in IC 36-7-15.1-26.5(e); or

(B) the credit described in IC 36-7-15.1-35(d); or

(6) for allocation areas created under IC 36-7-30, the additional credit described in IC 36-7-30-25(b)(2)(E).

Sec. 3. As used in this chapter, "allocation area" refers to an area that is established under the authority of any of the following statutes and in which tax increment revenues are collected:

(1) IC 6-1.1-39.

(2) IC 8-22-3.5.

(3) IC 36-7-14.

(4) IC 36-7-14.5.

(5) IC 36-7-15.1.

(6) IC 36-7-30.

Sec. 4. As used in this chapter, "base assessed value" means the base assessed value as the term is defined in:

(1) IC 6-1.1-39-5(h);

(2) IC 8-22-3.5-9(a);

(3) IC 36-7-14-39(a);

(4) IC 36-7-14-39.3(c);

(5) IC 36-7-15.1-26(a);

(6) IC 36-7-15.1-26.2(c);

(7) IC 36-7-15.1-35(a);

(8) IC 36-7-15.1-53;

(9) IC 36-7-15.1-55(c);

(10) IC 36-7-30-25(a)(2); or

(11) IC 36-7-30-26(c).

Sec. 5. As used in this chapter, "department" refers to the department of local government finance.

Sec. 6. As used in this chapter, "governing body" means the following:

(1) For an allocation area created under IC 6-1.1-39, the fiscal

C o p y

body of the county (as defined in IC 36-1-2-6).

(2) For an allocation area created under IC 8-22-3.5, the commission (as defined in IC 8-22-3.5-2).

(3) For an allocation area created under IC 36-7-14, the redevelopment commission of the unit.

(4) For an allocation area created under IC 36-7-14.5, the authority created by the unit.

(5) For an allocation area created under IC 36-7-15.1, the metropolitan development commission of the consolidated city.

(6) For an allocation area created under IC 36-7-30, the military base reuse authority.

Sec. 7. As used in this chapter, "obligation" means an obligation to pay:

(1) the principal and interest on loans or bonds;

(2) lease rentals on leases; or

(3) any other contractual obligation;

payable from tax increment revenues. The term includes a guarantee of payment from tax increment revenues if other revenues are insufficient to make a payment.

Sec. 8. As used in this chapter, "property taxes" means:

(1) property taxes, as defined in:

(A) IC 6-1.1-39-5(g);

(B) IC 36-7-14-39(a);

(C) IC 36-7-14-39.3(c);

(D) IC 36-7-15.1-26(a);

(E) IC 36-7-15.1-26.2(c);

(F) IC 36-7-15.1-53(a);

(G) IC 36-7-15.1-55(c);

(H) IC 36-7-30-25(a)(3); or

(I) IC 36-7-30-26(c); or

(2) for allocation areas created under IC 8-22-3.5 , the taxes assessed on taxable tangible property in the allocation area.

Sec. 9. (a) The governing body may impose a special tax in a year to pay amounts due on obligations of the governing body in the immediately succeeding year. The governing body may levy the special tax on all property in the taxing district or taxing districts in which the allocation area is located. The special tax shall be certified before September 2 of each year to the fiscal officer of the taxing unit that designated the allocation area. The special tax shall be estimated and entered upon the tax duplicates by the county auditor and shall be collected and enforced by the county treasurer

C o p y

in the same manner as state and county taxes are estimated, entered, collected, and enforced.

(b) As the special tax is collected by the county treasurer, it shall be transferred to the governing body that imposed the special tax and accumulated and kept in the special fund for the allocation area and applied only for the purposes of this chapter.

(c) The governing body shall determine the special tax levy for a year in the amount of the lesser of:

(1) the total payments due on the obligations of the governing body in the year minus the amounts the governing body estimates will be legally available to the governing body in the year to make the payments; and

(2) except as provided in subsection (d), the amount that will result from the imposition of a rate for the special tax levy that the county auditor estimates will cause the total tax rate in the taxing district in which the allocation area is located to be one hundred ten percent (110%) of the rate that would apply if the rate for the special tax levy were not imposed for the year.

(d) If the allocation area is located in more than one (1) taxing district, the special tax levy amount determined under subsection (c)(2) shall be based on the taxing district that will, without consideration of the rate for the special tax levy, have the highest tax rate in the year in which the special tax levy is payable.

(e) In estimating the amount legally available under subsection (c)(1), the governing body shall not consider the remedies referred to in section 10(b)(6) of this chapter.

Sec. 10. (a) Before October 2 in a year, a governing body that has:

(1) imposed a special tax levy under section 9 of this chapter payable in the immediately succeeding year to raise revenue to pay amounts due on obligations of the governing body in the immediately succeeding year; and

(2) investigated its ability to employ all remedies available under the agreements establishing obligations of the governing body to provide sufficient funds to pay amounts due on the obligations in the immediately succeeding year, including guarantees by a unit to apply revenues received under IC 6-3.5 or other sources toward the payment of the obligations;

may appeal to the department for emergency relief under this chapter to provide sufficient additional funds to pay amounts due

C o p y

on the obligations in the immediately succeeding year.

(b) In the petition under this section, the governing body must state sufficient facts to demonstrate the following:

(1) The petitioner is a governing body.

(2) The petitioner established an allocation area before January 1, 2002.

(3) The holders of obligations payable from tax increment revenues from the allocation area received a pledge before January 1, 2002, of tax increment revenues to pay any part of the obligations due after December 31, 2002.

(4) A change in the determination of the assessed value of tangible personal property resulting from a change in the rules governing the assessment of tangible personal property in effect on January 1, 2001 (50 IAC 5.1; 50 IAC 4.2) causes the governing body to be unable to pay amounts due on the obligations of the governing body in the immediately succeeding year.

(5) The governing body has imposed a special tax under section 9 of this chapter to pay amounts due on obligations of the governing body in the immediately succeeding year.

(6) The governing body has investigated its ability to employ all remedies available under the agreements establishing the obligations of the governing body to provide sufficient funds to pay amounts due on the obligations in the immediately succeeding year, including guarantees by a unit to apply revenues received under IC 6-3.5 or other sources toward the payment of the obligations.

(7) The governing body has investigated the availability of all funds legally available to the governing body for the payment of amounts due on the obligations of the governing body in the immediately succeeding year, including funds derived from the denial of all or a part of an additional credit to taxpayers in the allocation area.

(8) The governing body has reasonably determined that refinancing one (1) or more of the obligations of the governing body is not an economically feasible means of providing sufficient funds to pay amounts due on the obligations in the immediately succeeding year.

(9) The governing body has made reasonable efforts to limit its use of the special fund for the allocation area to appropriations for payments of amounts due on obligations of the governing body.

C o p y

(10) The balance in the special fund for the allocation area in the immediately succeeding year will be insufficient to pay amounts due on the obligations of the governing body in that year.

(11) A property tax payer located in any part in the allocation area was not the original purchaser and does not own any of the obligations of the governing body or rights to payment of any of the obligations.

(12) The governing body is unable to provide sufficient funds to pay amounts due on the obligations of the governing body in the immediately succeeding year.

(13) A copy of the petition has been served on the executive of each taxing unit in which any part of the allocation area is located.

(14) The governing body at the time of issuance of the obligations:

(A) reasonably estimated that the revenue legally available to pay the obligations would be adequate to pay the obligations over the term of the obligations; and

(B) pledged as additional security for the payment of the obligations a reasonable amount of coverage of revenue legally available in excess of the amount necessary to pay the obligations.

(15) The number of subsequent years the governing body estimates it will appeal under this section.

Sec. 11. The department shall conduct a hearing on the petition in the county where the allocation area is located. At the hearing, the petitioner and any other person my submit any information relevant to the determination of the issues raised in the petition.

Sec. 12. (a) If, after the hearing and upon consideration of all of the factors referred to in section 10(b) of this chapter, the department determines that the requirements of this chapter have been met, the department may order any of the emergency relief described in section 13 of this chapter for the immediately succeeding year.

(b) The amount of emergency relief ordered under this section may not exceed:

(1) the amount the governing body is obligated to pay on obligations in the immediately succeeding year; minus

(2) the amount of the special tax levy under section 9 of this chapter payable in the immediately succeeding year.

Sec. 13. The department may grant any of the following relief:

C o p y

(1) Adjust the base assessed value in the allocation area.

(2) Reallocate amounts set aside for property tax credits described in IC 6-1.1-21.1-1 for property located in the allocation area to be used to pay obligations of the governing body.

(3) Order distributions from the tax relief fund established under IC 4-10-20-9.

SECTION 45. IC 6-1.1-21.5-5, AS AMENDED BY P.L.291-2001, SECTION 209, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on the loan, and the loan must be repaid not later than ten (10) years after the date on which the loan was made.

(b) The loan shall be repaid ~~only~~ from:

(1) property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19; **or**

(2) state tuition support distributions.

The payment of any installment of principal constitutes a first charge against such property tax revenues as collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay the loan is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent the qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

SECTION 8. IC 6-1.1-21.8 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21.8. Rainy Day Fund Loans to Qualified Taxing Units

Sec. 1. As used in this chapter, "board" refers to the state board of finance.

Sec. 2. As used in this chapter, "qualified taxing unit" means a taxing unit located in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000).

Sec. 3. Before January 1, 2003, a qualified taxing unit may apply

C o p y

to the board for a loan from the counter-cyclical revenue and economic stabilization fund. The board may make a loan from the fund to the taxing unit if:

(1) a taxpayer having tangible property subject to taxation by the qualified taxing unit has filed a petition to reorganize under the federal bankruptcy code;

(2) the taxpayer has defaulted on one (1) of its property tax payments;

(3) the qualified taxing unit has experienced and will continue to experience a significant revenue shortfall as a result of the default; and

(4) the taxpayer is a steel manufacturer.

Sec. 4. The maximum amount that the board may loan to a qualified taxing unit under this chapter is the amount of the taxpayer's property taxes due and payable in November 2001 that attributable to the qualified taxing unit, as determined by the department of local government finance.

Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, the interest charged on the loan may not exceed the percent of increase in the United States Department of Labor Consumer Price Index during the twelve (12) months preceding the date that the unit applies for a loan under this chapter. The loan must be repaid not later than five (5) years after the date on which the loan was made. The total amount of all the loans made under this chapter may not exceed ten million three hundred thousand dollars ($10,300,000).

(b) A loan made under this chapter shall be repaid only from property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19. The payment of any installment of principal constitutes a first charge against the property tax revenues collected by the qualified taxing unit during the calendar year in which the installment is due and payable.

(c) The obligation to repay a loan made under this chapter is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent a qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in

C o p y

section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

Sec. 6. (a) As used in this section, "delinquent tax" means any tax:

(1) owed by a taxpayer in a bankruptcy proceeding initially filed in 2001; and

(2) not paid during the calendar year for which it was first due and payable.

(b) The receipt by a qualified taxing unit of the proceeds of a loan made under this chapter is not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. The receipt by a qualified taxing unit of any payment of delinquent tax owed by a taxpayer in bankruptcy is considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7.

(c) The proceeds of a loan made under this chapter and any payment of delinquent tax may be expended by a qualified taxing unit only to pay debts of the qualified taxing unit that have been incurred under duly adopted appropriations approved by the department of local government finance for operating expenses.

(d) If the sum of the receipts of a qualified taxing unit that are attributable to:

(1) the proceeds of a loan made under this chapter; and

(2) the payment of property taxes owed by a taxpayer in a bankruptcy proceeding and payable in November 2001;

exceeds the taxpayer's property tax liability attributable to the qualified taxing unit, the excess as received during any calendar year or years shall be set aside and treated for the calendar year when received as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. In calculating the payment of property taxes referred to in subdivision (2), the amount of property tax credit finally allowed under IC 6-1.1-21-5 concerning the taxes is considered to be a payment of the property taxes.

SECTION 46. IC 6-1.1-26-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 7. The county auditor shall report to the department of state revenue any refund to a taxpayer made under**

C o p y

this chapter resulting from a reduction of the amount of an assessment of business personal property (as defined in IC 6-3.1-24-2).".

Delete pages 9 through 10.

Page 11, delete lines 1 through 26.

Page 14, between lines 1 and 2 begin a new paragraph and insert:

"SECTION 39. IC 6-1.1-39-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) An economic development district may be enlarged by the fiscal body by following the same procedure for the creation of an economic development district specified in this chapter. Property taxes that are attributable to the additional area and allocable to the economic development district are not eligible for the property tax replacement credit provided by IC 6-1.1-21-5. However, subject to subsection (c), each taxpayer in an additional area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district in a county that contains all or part of the additional area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) (as defined in IC 6-1.1-21-2) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of the 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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to a special fund under section 5 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the economic development district and paid into a special fund under section 5(a) of this chapter.

(b) If the additional credit under subsection (a) is not reduced under subsection (c) or (d), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (a) shall be computed on an aggregate basis for all taxpayers in a taxing district

C o p y

that contains all or part of an additional area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (a) shall be combined on the tax statements sent to each taxpayer.

(c) The county fiscal body may, by ordinance, provide that the additional credit described in subsection (a):

(1) does not apply in a specified additional area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified additional area.

(d) Whenever the county fiscal body determines that granting the full additional credit under subsection (a) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the county fiscal body must adopt an ordinance under subsection (c) to deny the additional credit or reduce the additional credit to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. An ordinance adopted under subsection (c) denies or reduces the additional credit for property taxes first due and payable in any year following the year in which the ordinance is adopted.

(e) An ordinance adopted under subsection (c) remains in effect until the ordinance is rescinded by the body that originally adopted the ordinance. However, an ordinance may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If an ordinance is rescinded and no other ordinance is adopted, the additional credit described in subsection (a) applies to property taxes first due and payable in each year following the year in which the resolution is rescinded.

SECTION 47. IC 6-1.1-44 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 44. Miscellaneous Tax Allocation

Sec. 1. As used in this chapter, "miscellaneous tax" means the following:

(1) Financial institutions tax (IC 6-5.5-8-2).

(2) Motor vehicle excise tax (IC 6-6-5-10).

(3) Commercial vehicle excise tax (IC 6-6-5.5-20).

(4) Aircraft excise tax (IC 6-6-6.5-21).

C o p y

(5) Auto rental excise tax (IC 6-6-9-11).

(6) Boat excise tax (IC 6-6-11-31).

Sec. 2. The department of local government finance shall compute:

(1) a total levy miscellaneous tax allocation for each county and the state; and

(2) the welfare revenues, the human services fund revenues, and education revenues for each county.

Sec. 3. The total levy miscellaneous tax allocation is equal to the sum of the following components:

(1) A welfare allocation.

(2) A human services fund allocation

(3) An education allocation.

Sec. 4. As used in any statute concerning miscellaneous taxes, "welfare revenues" equals the sum of the amounts determined under STEP ONE (A) of section 7 of this chapter for calendar years 1997, 1998, and 1999 divided by three (3).

Sec. 5. As used in any statute concerning miscellaneous taxes, "human services fund revenues" equals the sum of the amounts determined under STEP ONE (A) of section 8 of this chapter for calendar years 2001, 2002, and 2003 divided by three (3).

Sec. 6. As used in any statute concerning miscellaneous taxes "education revenues" equals the sum of the amounts determined under STEP ONE (A) of section 9 of this chapter for calendar years 2001, 2002, and 2003 divided by three (3).

Sec. 7. For each miscellaneous tax, the welfare allocation for a county is equal to the result determined under STEP SIX of the following formula:

STEP ONE: Using data about appropriations for calendar years 1997, 1998, and 1999, determine the result of:

(A) the amounts appropriated by the county in the year for the county's county welfare fund and county administration fund; divided by

(B) the amounts appropriated by all the taxing units in the county for the year.

STEP TWO: Determine the sum of the results determined under STEP ONE.

STEP THREE: Divide the STEP TWO result by three (3).

STEP FOUR: Determine the amount of the miscellaneous tax that would otherwise be distributed to all taxing units in the county under the law establishing the miscellaneous tax without regard to this section.

C o p y

STEP FIVE: Determine the result of:

(A) the STEP FOUR amount; multiplied by

(B) the STEP THREE result.

STEP SIX: Determine the greater of:

(A) zero (0); or

(B) the STEP FIVE amount.

Sec. 8. For each miscellaneous tax, the human services allocation for a county is equal to the result determined under STEP SIX of the following formula:

STEP ONE: Using data about ad valorem property tax levies for calendar years 2001, 2002, and 2003, determine the result:

(A) of:

(i) fifty percent (50%) the amount levied by the county for ad valorem property taxes in the year for the county's family and children's fund (IC 12-19-7-3) and the amount of any loans or bonds issued to pay obligations of the fund in the year;

(ii) the amount levied by the county for ad valorem property taxes in the year for the county contributions to the medical assistance to wards program under IC 12-13-8 (repealed);

(iii) the amount levied by the county for ad valorem property taxes in the year for the county contribution to the children with special health care needs program under IC 16-35-3 (repealed); and

(iv) ninety percent (90%) of the amount levied by the county for ad valorem property taxes in the year for the county contribution to the hospital care for the indigent program under IC 12-16-14 (repealed); divided by

(B) the amounts levied by all the taxing units in the county for ad valorem property taxes for the year plus the amount of any loans or bonds issued to pay obligations of the family and children's fund in the year.

STEP TWO: Determine the sum of the results determined under STEP ONE.

STEP THREE: Divide the STEP TWO result by three (3).

STEP FOUR: Determine the amount of the miscellaneous tax that would otherwise be distributed to all taxing units in the county under the law establishing the miscellaneous tax without regard to this section.

STEP FIVE: Determine the result of:

(A) the STEP FOUR amount; multiplied by

C o p y

(B) the STEP THREE result.

STEP SIX: Determine the greater of:

(A) zero (0); or

(B) the STEP FIVE amount.

Sec. 9. For each miscellaneous tax, the education allocation for a county is equal to the result determined under STEP SIX of the following formula:

STEP ONE: Using data about ad valorem property tax levies for calendar years 2001, 2002, and 2003, determine the result of:

(A) fifty percent (50%) of the part of the tuition support levy (as defined in IC 21-3-1.7-5) levied in the county for each school corporation that is at least partially located in the county; divided by

(B) the amounts levied for ad valorem property taxes by all the taxing units in the county for the year.

STEP TWO: Determine the sum of the results determined under STEP ONE.

STEP THREE: Divide the STEP TWO result by three (3).

STEP FOUR: Determine the amount of the miscellaneous tax that would otherwise be distributed to all taxing units in the county under the law establishing the miscellaneous tax without regard to this section.

STEP FIVE: Determine the result of:

(A) the STEP FOUR amount; multiplied by

(B) the STEP THREE result.

STEP SIX: Determine the greater of:

(A) zero (0); or

(B) the STEP FIVE amount.

Sec. 10. The total levy miscellaneous tax allocation, the welfare revenue determinations, the human service fund revenue determinations, and the education revenue determinations shall be used, as provided in each law establishing a miscellaneous tax, to determine the amount of tax proceeds to be distributed to the state and to each county.

Sec. 11. The department of local government finance shall annually certify the amount of:

(1) each county's total levy miscellaneous tax allocation; and

(2) the amount of each component of each county's total levy miscellaneous tax allocation to the county auditor.

SECTION 48. IC 6-2.1-1-0.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS

C o p y

[EFFECTIVE JANUARY 1, 2004]: **Sec. 0.7. This article applies only to a taxpayer that is a public utility company.**

SECTION 49. IC 6-2.1-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Except as expressly provided in this article, "gross income" means all the gross receipts a taxpayer receives:

(1) from trades, businesses, or commerce;

(2) as admission fees or charges;

(3) from the sale, transfer, or exchange of property, real or personal, tangible or intangible;

(4) from the performance of contracts;

(5) as prizes or premiums;

(6) from insurance policies;

(7) as damages or judgments;

(8) from the investment of capital, including interest, discounts, rentals, royalties, dividends, fees, and commissions;

(9) from the surrender, sale, transfer, exchange, redemption of, or distribution upon, stock of corporations or associations; and

(10) from any other source not specifically described in this subsection.

(b) Except as provided in IC 6-2.1-4, no deductions from a taxpayer's gross income may be taken for return of capital invested, cost of property sold, cost of materials used, labor costs, interest, discounts, commissions paid or credited, losses, or any other expense paid or credited.

(c) The term "gross income" does not include:

(1) the receipt or repayment of borrowed money;

(2) receipts from the issuance or redemption of bonds;

(3) amounts received as payment of the principal amount of a note taken in lieu of cash if:

(A) the face value of the note was included in the taxpayer's gross income at the time of acceptance;

(B) the note was taken before May 1, 1933; or

(C) the note is a renewal of a note that was taken before May 1, 1933;

(4) amounts received in payment of, or from the sale of, a promissory note or retail installment contract described in subsection (f) of this section to the extent the gross income tax has previously been paid for the receipt of the promissory note or retail installment contract;

(5) amounts received as withdrawal of deposits to the extent they constitute principal;

C o p y

(6) gross receipts received by corporations incorporated under the laws of Indiana from a trade or business situated and regularly carried on at a legal situs outside Indiana or from activities incident to such trade or business (including the disposal of capital assets or other properties which were acquired and used in such trade or business);

~~(7) that part of a commission received by a real estate broker that is paid within five (5) days of the receipt of the commission to a cooperating broker or to an associated broker or salesman;~~

~~(8)~~ **(7)** amounts received by a corporation or a division of a corporation owned, operated, or controlled by its member electric cooperatives as payment from the electric cooperatives for electrical energy to be resold to their member-owner consumers;

~~(9) amounts received by an association of members or a corporation as:~~

~~(A) regularly paid dues, initiation fees, or membership fees paid for social membership; and~~

~~(B) amounts paid to the organization by members if:~~

~~(i) the organization is organized not for profit;~~

~~(ii) such amounts are payable upon the death of a member and do not exceed one dollar ($1) payable by each surviving member at the death of any one (1) member;~~

~~(iii) the number of members who are permitted to make such payments does not exceed one thousand seven hundred (1,700) at any one (1) time;~~

~~(iv) the total amount paid to the beneficiary of any one (1) deceased member does not exceed one thousand dollars ($1,000); and~~

~~(v) the amounts received are only for the purpose of paying reasonable expenses of the organization and payments to beneficiaries of deceased members;~~

~~(10)~~ **(8)** amounts received as the corpus of an outright gift, devise, or bequest;

~~(11)~~ **(9)** cash discounts allowed and taken on sales;

~~(12)~~ **(10)** goods, wares, or merchandise, or the value thereof, returned by customers if the sale price is refunded either in cash or by credit;

~~(13)~~ **(11)** judgments for income that are not taxable under this article;

~~(14)~~ **(12)** the receipt of capital by a corporation, partnership, firm, or joint venture from the sale of stock or shares in such corporation, partnership, firm, or joint venture, or contributions

C o p y

to the capital thereof;

~~(15)~~ **(13)** the gross receipts represented by the value of real or tangible personal property received in reciprocal exchange for real or tangible personal property of like kind by and between the owners of the property to the extent of the value of the property or the interest therein of which title is surrendered;

~~(16)~~ **(14)** the gross receipts represented by the value of stock of a corporation or association received in a reciprocal exchange by and between the owners of the stock (including the issuing corporation or association) for stock in the same corporation or association to the extent of the value of the stock or the interest therein of which title is surrendered;

~~(17)~~ **(15)** the gross receipts represented by the value of bonds or similar securities issued by a corporation or association received in a reciprocal exchange by and between the owners of the bonds or securities (including the issuing corporation or association) for bonds or similar securities issued by the same corporation or association to the extent of the value of such bonds or similar securities or the interest therein of which title is surrendered;

~~(18)~~ **(16)** the gross receipts represented by the value of stocks, bonds, or other securities received in a reciprocal exchange by and between the owners of the stocks, bonds, or other securities for other stocks, bonds, or other securities to the extent title is surrendered, if the exchange is made in the course of a consolidation, merger, or other reorganization and the stock, bonds, or other securities received are issued by one (1) or more corporations or associations that are each a party to the reorganization;

~~(19)~~ **(17)** the gross receipts represented by the value of stocks, bonds, or other securities received in a reciprocal exchange by and between the owners thereof of substantially all of the assets of another corporation if the exchange is made in the course of a consolidation, merger, or other reorganization and the stocks, bonds, or other securities received are issued by one (1) or more corporations or associations that are each a party to the reorganization; **and**

~~(20) in the case of insurance carriers, amounts that become or are used to maintain a reserve or other policy liability, to the extent the reserve or other policy liability is required to be maintained by the state of Indiana;~~

~~(21) in the case of domestic insurance carriers, premium income that is derived from business conducted outside Indiana on which~~

C o p y

~~the domestic carrier pays a premium tax of one percent (1%) or more; and~~

~~(22)~~ **(18)** amounts received by a joint agency established under IC 8-1-2.2 that constitutes a payment by a municipality that is a member of the joint agency for electrical energy that will be sold by the municipality to retail customers.

(d) The exclusion provided by clause (6) of subsection (c) does not apply to any receipts of a taxpayer received as interest or dividends, from sales, other receipts from investments not acquired or disposed of in connection with the taxpayer's regular business, or to bonuses or commissions received by any taxpayer.

(e) The exclusion provided by subsection ~~(c) clause (14)~~ **(c)(12)** does not apply to proceeds that are derived from subsequent transactions in stock of such corporations or organizations or in the interest or shares of the members of any organization.

(f) The face amount of a retail installment contract or promissory note that is derived from the selling, providing, repairing, working with or on, or servicing of any personal property, or any combination of the foregoing, is includable in a taxpayer's gross income upon receipt. However, any part of a retail installment contract or promissory note that represents insurance premiums or consideration which the retail buyer contracts to pay the retail seller for the privilege of paying the principal balance in installments over a period of time is includable in a taxpayer's gross income when received.

(g) For purposes of this section:

(1) "Exchange" means the transfer of title or ownership by means of a transaction involving the barter or swap of property acquired prior to the exchange, by and between the owners of that property, with or without additional consideration. However, the term "exchange" does not include:

(A) any sale of property even though other property is purchased with the proceeds of the sale;

(B) any barter or swap of property where there are more than two (2) parties to the transaction; or

(C) any transaction where the property exchanged is acquired by one (1) party to the transaction as a result of negotiation or arrangement with the other party with the intent of effectuating an exchange of the property so acquired.

(2) "Like kind" means property of the same class and kind and has no reference to the grade or quality of such property.

SECTION 50. IC 6-2.1-1-9.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS

C o p y

[EFFECTIVE JANUARY 1, 2004]: **Sec. 9.5. "Public utility company" has the meaning set forth in IC 6-1.1-8-2.**

SECTION 51. IC 6-2.1-1-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. "Receipts", as applied to a taxpayer, means the gross income in cash, notes, credits, or other property that is received by the taxpayer or a third party, including any limited liability company that is not itself a taxpayer (as defined in ~~IC 6-2.1-1-16(27)),~~ **IC 6-2.1-1-16(22)),** for the taxpayer's benefit.

SECTION 52. IC 6-2.1-1-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 16. "Taxpayer" means any:

(1) assignee;
(2) receiver;
(3) commissioner;
(4) fiduciary;
(5) trustee;
(6) institution;
(7) national bank;
(8) bank;
(9) consignee;
(10) firm;
(11) partnership;
(12) joint venture;
(13) pool;
(14) syndicate;
(15) bureau;
(16) association;
(17) cooperative association;
~~(18) society;~~
~~(19) club;~~
~~(20) fraternity;~~
~~(21) sorority;~~
~~(22) lodge;~~
~~(23)~~ **(18)** corporation;
~~(24)~~ **(19)** municipal corporation;
~~(25)~~ **(20)** political subdivision of the state of Indiana or the state of Indiana, to the extent engaged in private or proprietary activities or business;
~~(26)~~ **(21)** trust;
~~(27)~~ **(22)** limited liability company (other than a limited liability company that has a single member and is disregarded as an entity

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for federal income tax purposes); or

~~(28)~~ **(23)** other group or combination acting as a unit;

that is a public utility company.

SECTION 53. IC 6-2.1-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) An income tax, known as the gross income tax, is imposed upon the receipt of:

(1) the entire taxable gross income of a taxpayer who is a resident or a domiciliary of Indiana; and

(2) the taxable gross income derived from activities or businesses or any other sources within Indiana by a taxpayer who is not a resident or a domiciliary of Indiana.

(b) The receipt of taxable gross income is subject to the applicable rate of tax fixed under section 3 of this chapter. ~~The rate of tax is determined by the type of transaction from which the taxable gross income is received.~~

SECTION 54. IC 6-2.1-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. ~~(a) The receipt of gross income from transactions described in section 4 of this chapter is subject to a tax rate of three-tenths of one percent (0.3%).~~

~~(b)~~ The receipt of gross income from transactions described in section 5 of this chapter is subject to a tax rate of one and two-tenths percent (1.2%).

SECTION 55. IC 6-2.1-8-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) A county recorder may not record or accept for recording any deed or other instrument of conveyance which transfers any interest in real estate **of a public utility company,** unless:

(1) the county treasurer has stamped the deed or other instrument, as required by section 5 of this chapter; or

(2) an affidavit, signed by the seller or grantor, which certifies that no gross income tax is due on the transfer of the interest in the real estate, accompanies the deed or other instrument of conveyance.

(b) When a county recorder accepts an affidavit described in subsection (a), he shall tax and collect the recording fee prescribed in IC 36-2-7-10.

(c) The failure of any deed or other instrument of conveyance to be:

(1) accompanied by an affidavit described in subsection (a); or

(2) stamped in compliance with section 5 of this chapter;

does not affect the validity of the notice given by the recording of such deed or instrument.

SECTION 56. IC 6-2.1-8-7 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. (a) **This section applies only to a proceeding involving a public utility company.**

(b) No court may allow or approve any final report or account of a receiver, trustee in dissolution, trustee in bankruptcy, commissioner appointed for the sale of real estate, or any other officer acting under the authority and supervision of a court, unless the account or final report shows, and the court finds, that all gross income tax due has been paid, and that all gross income tax which may become due is secured by bond, deposit, or otherwise.

~~(b)~~ **(c)** A fiduciary described in subsection **(b) in a proceeding described in subsection** (a) shall provide proof to a court that all gross income tax has been paid, and that any required security has been provided. The fiduciary shall request the department to issue a certificate of clearance certifying that all gross income tax which is due and payable has been paid and that any required security has been provided. The certificate shall be issued by the department within thirty (30) days after request. When issued, the certificate is conclusive proof that no gross income tax is due and that any required security has been provided.

~~(c)~~ **(d)** If the department fails to issue a certificate of clearance under subsection ~~(b)~~ **(c)** within thirty (30) days after request, a fiduciary may provide evidence to a court which demonstrates that no gross income tax is due and that any required security has been provided. Upon approval by the court, such evidence is conclusive proof of payment of the tax imposed by this article.

~~(d)~~ **(e)** Any gross income tax liability owed by a fiduciary is a preferred claim and has priority over all other claims except claims for judicial costs and costs of administration.

SECTION 57. IC 6-2.2 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

ARTICLE 2.2. BUSINESS FRANCHISE TAX

Chapter 1. Application

Sec. 1. Except as provided in IC 6-2.2-3 (exempt entities), this article applies to all business entities doing business in Indiana in a taxable year.

Sec. 2. The entities to which this article applies include the following:

(1) Corporations.

(2) S corporations (as defined in Section 1361 of the Internal Revenue Code).

C o p y

(3) Partnerships.
(4) Limited partnerships.
(5) Limited liability partnerships.
(6) Limited liability companies.
(7) Business trusts (as defined in IC 23-5-1-2).

Sec. 3. For purposes of this article, each business entity is treated as a separate entity regardless of the extent to which the business entity is owned or controlled by another business entity or whether the business entity is taxed for federal income tax purposes.

Sec. 4. A business entity shall not be treated as doing business in Indiana solely because it has an ownership interest in an entity described in section 2 of this chapter that is doing business in Indiana.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5.

Sec. 3. "Adjusted net worth" means the net worth of a business entity remaining after subtracting exemptions allowed under IC 6-2.2-5 and any deductions allowed under IC 6-2.2-6.

Sec. 4. "Business entity" means any legal entity, regardless of form or place of formation, that engages in doing business in Indiana in a taxable year.

Sec. 5. "Department" refers to the department of state revenue.

Sec. 6. "Doing business" means owning, renting, or operating business or income producing property or engaging in other business or income producing activity.

Sec. 7. "Exempt entity" refers to an entity described in IC 6-2.2-3.

Sec. 8. "Net worth" refers to the net worth of a business entity as determined under IC 6-2.2-5.

Sec. 9. "Taxable adjusted gross income" refers to taxable adjusted gross income determined under IC 6-2.2-8.

Sec. 9. "Taxable net worth" means the adjusted net worth of a business entity that is attributed to Indiana under IC 6-2.2-7.

Sec. 10. "Taxable year" means the taxable year of a taxpayer determined under IC 6-2.2-4.

Sec. 11. "Taxpayer" means a business entity that is not an exempt entity.

Chapter 3. Exempt Entities

C o p y

Sec. 1. Notwithstanding any other law, the only exemptions from this article are the exemptions provided by this chapter.

Sec. 2. An individual is exempt from this article.

Sec. 3. The estate of a deceased individual is exempt from this article.

Sec. 4. The following governmental or quasi-governmental entities are exempt from this article:

(1) The United States government.

(2) The state of Indiana, another state, or an Indian tribe (as defined in IC 34-6-2-66.7).

(3) A political subdivision.

(4) A body corporate and politic that is an instrumentality of a governmental entity described in subdivisions (1) through (3), including a state educational institution (as defined in IC 20-12-0.5-1).

(5) A business entity that is wholly owned by a governmental entity described in subdivisions (1) through (3), including a municipally owned utility (as defined in IC 8-1-2-1).

Sec. 5. An organization that is exempt for federal income tax purposes under Section 501(a) of the Internal Revenue Code is exempt from this article, regardless of whether the organization has unrelated business income that is taxable for federal income tax purposes.

Sec. 6. A company (as defined in IC 27-1-2-3) is exempt from this article.

Sec. 7. The following are exempt from this article:

(1) A holding company (as defined in IC 6-5.5-1-17).

(2) A regulated financial corporation (as defined in IC 6-5.5-1-17).

Sec. 8. A trust (as described in IC 30-4-1-1) other than a business trust (as defined in IC 23-5-1-2) is exempt from this article.

Sec. 9. The following political organizations are exempt from this article:

(1) A bona fide political party (as defined in IC 3-5-2-5.5).

(2) A candidate's committee (as defined in IC 3-5-2-7).

(3) A central committee (as defined in IC 3-5-2-8).

(4) A regular party committee (as defined in IC 3-5-2-42).

(5) A political action committee (as defined in IC 3-5-2-37).

(6) A legislative caucus committee (as defined in IC 3-5-2-27.3).

Sec. 10. A public utility company (as defined in IC 6-1.1-8-2)

C o p y

that is subject to the gross income tax under IC 6-2.1 is exempt from this article.

Chapter 4. Accounting Practices

Sec. 1. A taxpayer's taxable year under this article is the year that a taxpayer uses for its annual financial statements. If a taxpayer does not prepare annual financial statements, the taxpayer's taxable year under this article is a calendar year.

Sec. 2. Subject to this article, if a taxpayer prepares its annual financial statements using generally accepted accounting principles applicable to the United States, or another entity includes the financial results of the taxpayer in consolidated financial statements prepared in accordance with generally accepted accounting principles applicable to the United States, the taxpayer shall compute the taxpayer's taxable net worth and any credits allowed against the business franchise tax using generally accepted accounting principles applicable to the United States. If generally accepted accounting principles allow more than one (1) method of accounting for the net worth of a taxpayer, the taxpayer shall use for purposes of this article the same method of accounting that the taxpayer uses to prepare the taxpayer's annual financial statements.

Sec. 3. If section 2 of this chapter does not apply, the taxpayer shall compute the taxpayer's taxable net worth and any credits using:

(1) the same method of accounting that the taxpayer uses for filing a return for federal income tax purposes; or

(2) if the taxpayer does not file a return for federal income tax purposes, a method of accounting consistent with the requirements of Section 446 of the Internal Revenue Code.

Sec. 4. The taxable net worth of a taxpayer for a taxable year is the taxable net worth of the taxpayer on the last day immediately preceding the beginning of the taxpayer's taxable year.

Chapter 5. Net Worth

Sec. 1. The net worth of a taxpayer is the greater of the following:

(1) The difference between the taxpayer's total assets and the taxpayer's total liabilities.

(2) Zero (0).

Sec. 2. Notwithstanding any other law, none of the net worth of a taxpayer is exempt from taxation under this article.

Chapter 6. Deductions

Sec. 1. Notwithstanding any other law, the only deductions

C o p y

allowable against the net worth of a taxpayer are the deductions allowed by this chapter.

Sec. 2. A taxpayer may deduct the book value of the taxpayer's ownership interest that the taxpayer has in another business entity from the net worth of the taxpayer if:

(1) the taxpayer's ownership interest constitutes at least twenty percent (20%) of the total ownership of the business entity; and

(2) the value of the taxpayer's ownership interest in the other business entity would otherwise be included in the net worth of the taxpayer.

A deduction shall be allowed under this section only to the extent that the deduction does not result in a business franchise tax for the taxpayer in a taxable year that is less than two thousand five hundred dollars ($2,500).

Chapter 7. Apportionment of Net Worth

Sec. 1. The taxable net worth of a taxpayer is equal to the adjusted net worth of the taxpayer multiplied by an apportionment factor.

Sec. 2. The apportionment factor for a taxpayer that is doing business only in Indiana is one (1).

Sec. 3. (a) The apportionment factor for a taxpayer that is doing business both in Indiana and outside Indiana is a fraction.

(b) Subject to this chapter, the numerator of the fraction is the sum of the property factor, payroll factor, and receipts factor determined under this chapter.

(c) Subject to this chapter, the denominator of the fraction is three (3). However, if the taxpayer lacks one (1) of the factors applicable to the numerator, the denominator is two (2), and if the taxpayer lacks more than one (1) of the factors applicable to the numerator, the denominator is one (1).

(d) Nonbusiness receipts or property may not be excluded from the numerator or denominator computed under this chapter.

Sec. 4. (a) The property factor is a fraction.

(b) The numerator of the property factor fraction is the average value of the taxpayer's real and tangible personal property owned or rented and used in Indiana during the immediately preceding taxable year.

(c) The denominator of the property factor fraction is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the immediately preceding taxable year.

C o p y

(d) Property owned by the taxpayer is valued at its original cost.

(e) Property rented by the taxpayer is valued at eight (8) times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.

(f) The average value of property shall be determined by averaging the values at the beginning and end of the taxpayer's immediately preceding taxable year, but the department may require the averaging of monthly values during the immediately preceding taxable year if reasonably required to reflect properly the average value of the taxpayer's property.

Sec. 5. (a) The payroll factor is a fraction.

(b) The numerator of the payroll fraction is the total amount paid in Indiana during the immediately preceding taxable year by the taxpayer for compensation.

(c) The denominator of the payroll fraction is the total compensation paid everywhere during the immediately preceding taxable year.

(d) Compensation is paid in Indiana if:

(1) the individual's service is performed entirely in Indiana;

(2) the individual's service is performed both in and outside Indiana but the service performed outside Indiana is incidental to the individual's service in Indiana; or

(3) some of the service is performed in Indiana and:

(A) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in Indiana; or

(B) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual is a resident of Indiana.

Sec. 6. (a) The receipts factor is a fraction.

(b) The numerator of the receipts factor fraction is the total receipts of the taxpayer in Indiana during the immediately preceding taxable year.

(c) The denominator of the receipts factor fraction is the total receipts of the taxpayer everywhere during the immediately preceding taxable year.

Sec. 7. (a) The receipts factor includes receipts from intangible property and receipts from the sale or exchange of intangible property.

(b) Receipts from intangible personal property are derived from

C o p y

sources in Indiana if the receipts from the intangible personal property are attributable to Indiana under section 8 of this chapter.

(c) Sales of tangible personal property are in Indiana if:

(1) the property is delivered or shipped to a purchaser, other than the United States government, in Indiana, regardless of the f.o.b. point or other conditions of the sale; or

(2) the property is shipped from an office, a store, a warehouse, a factory, or other place of storage in Indiana and:

(A) the purchaser is the United States government; or

(B) the taxpayer is not taxable, as determined under section 10 of this chapter, in the state of the purchaser.

(d) Gross receipts derived from commercial printing that results in printed materials, excluding the business of photocopying, shall be treated as receipts of tangible personal property for purposes of this chapter.

(e) Receipts other than receipts from intangible property covered by subsection (b) and receipts of tangible personal property are in Indiana if:

(1) the activity producing the receipts is performed in Indiana; or

(2) the activity producing the receipts is performed both in and outside Indiana and a greater proportion of the activity producing the receipts is performed in Indiana than in any other state, based on costs of performance.

Sec. 8. (a) Interest and other receipts from assets in the nature of loans or installment receipts contracts that are primarily secured by or deal with real or tangible personal property are attributable to Indiana if the security or sale property is located in Indiana.

(b) Interest and other receipts from consumer loans not secured by real or tangible personal property are attributable to Indiana if the loan is made to a resident of Indiana, whether at a place of business, by a traveling loan officer, by mail, by telephone, or by other electronic means.

(c) Interest and other receipts from commercial loans and installment obligations not secured by real or tangible personal property are attributable to Indiana if the proceeds of the loan are to be applied in Indiana. If it cannot be determined where the funds are to be applied, the receipts are attributable to the state in which the business applied for the loan. As used in this section,

C o p y

"applied for" means initial inquiry (including customer assistance in preparing the loan application) or submission of a completed loan application, whichever occurs first.

(d) Interest, merchant discount, and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees are attributable to the state to which the card charges and fees are regularly billed.

(e) Receipts from the performance of fiduciary and other services are attributable to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one (1) state, the receipts from those benefits are attributable to Indiana on a pro rata basis according to the part of the benefits consumed in Indiana.

(f) Receipts from the issuance of traveler's checks, money orders, or United States savings bonds are attributable to the state in which the traveler's checks, money orders, or bonds are purchased.

(g) Receipts in the form of dividends from investments are attributable to Indiana if the taxpayer's commercial domicile is in Indiana.

Sec. 9. (a) Receipts from rents and royalties from real or tangible personal property, sale of capital assets, interest, dividends, or patent or copyright royalties, to the extent that they constitute nonbusiness income (as defined in IC 6-3-1-21), are attributed as provided in this section.

(b) Receipts from net rents and royalties from real property located in Indiana are attributable to Indiana.

(c) Receipts from net rents and royalties from tangible personal property are attributed to Indiana:

(1) if and to the extent that the property is used in Indiana; or

(2) in their entirety if the taxpayer's commercial domicile is in Indiana and the taxpayer is not organized under the laws of or taxable in the state in which the property is used.

(d) The extent of use of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction. The numerator of the fraction is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year. The denominator of the fraction is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty

C o p y

period is unknown or not ascertainable by the taxpayer, tangible personal property is used in the state in which the property was located at the time the rental or royalty payer obtained possession.

(e) Receipts from the sales of real property located in Indiana are attributable to Indiana.

(f) Receipts from sales of tangible personal property are attributable to Indiana if:

(1) the property had a situs in Indiana at the time of the sale; or

(2) the taxpayer's commercial domicile is in Indiana and the taxpayer is not taxable in the state in which the property had a situs as determined under section 10 of this chapter.

(g) Receipts from intangible personal property are attributable to Indiana if the taxpayer's commercial domicile is in Indiana.

(h) Receipts from interest and dividends are attributable to Indiana if the taxpayer's commercial domicile is in Indiana.

(i) Patent and copyright royalties are attributable to Indiana:

(1) if and to the extent that the patent or copyright is used by the taxpayer in Indiana; or

(2) if and to the extent that the patent or copyright is used by the taxpayer in a state in which the taxpayer is not taxable as determined under section 10 of this chapter and the taxpayer's commercial domicile is in Indiana.

A patent is used in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of use, the patent is used in the state in which the taxpayer's commercial domicile is located. A copyright is used in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of use, the copyright is used in the state in which the taxpayer's commercial domicile is located.

Sec. 10. For purposes of apportionment of income or receipts under this chapter, a taxpayer is taxable in another state if:

(1) in that state the taxpayer is subject to a franchise tax measured by net worth, a franchise tax for the privilege of doing business, or a corporate stock tax; or

(2) that state has jurisdiction to subject the taxpayer to a net worth tax regardless of whether, in fact, the state does or does

C o p y

not.

Sec. 11. (a) The property factor in the numerator of the apportionment factor for a transportation company is computed as follows:

(1) Fixed properties such as buildings and land used in business, shop, and terminal equipment and trucks or cars used locally or any other tangible property connected with the transportation business is assigned to the state in which the properties are located.

(2) The value of all movable equipment used in interstate transportation is assigned to Indiana on the basis of total miles traveled in Indiana as compared with total miles traveled everywhere.

(3) Fixed and movable property is combined to arrive at the total property factor: Indiana property over property everywhere.

Property owned by the transportation company is valued at original cost. Property rented is valued at eight (8) times the annual rental rate less any annual subrental.

(b) The payroll factor in the numerator of the apportionment factor for a transportation company is computed as follows:

(1) Wages and salaries of employees assigned to fixed locations in Indiana are included in the payroll factor of Indiana.

(2) Wages of personnel operating interstate transportation equipment are assigned to Indiana on the basis of total miles traveled in Indiana as compared to total miles traveled everywhere.

(3) The payroll of permanent and transient personnel is combined to arrive at the total payroll factor: Indiana payroll over payroll everywhere.

(c) The receipts factor in the numerator of the apportionment factor for a transportation company is computed as follows:

(1) The total revenue dollars from transportation (both intrastate and interstate) are assigned to the states traversed on the basis of class or category mileage in each state in which or through which the freight or passengers move.

(2) Pipelines may substitute revenue miles with barrel miles, cubic foot miles, or other appropriate measures of product movement.

(3) In order to determine the percentage of revenue from transportation services in Indiana, the fraction of revenue

C o p y

miles in Indiana over revenue miles everywhere must be applied to total revenue from transportation.

Chapter 8. Taxable Adjusted Gross Income

Sec. 1. For purposes of this article, the taxable adjusted gross income of a taxpayer in a taxable year is equal to the adjusted gross income of the taxpayer for the taxable year as adjusted by this chapter.

Sec. 2. A taxpayer shall be treated as having taxable adjusted gross income for a taxable year under this chapter, even if the taxpayer does not have adjusted gross income tax due under IC 6-3 for that taxable year or the business entity is a pass through entity that is not obligated to pay adjusted gross income tax under IC 6-3.

Sec. 3. (a) This section applies to a member of an affiliated group as determined under IC 6-3-4-14.

(b) A taxpayer shall compute taxable adjusted gross income separately for the business entity as if the taxpayer were not part of an affiliated group. IC 6-3-4-14 (consolidated returns) does not apply to this article.

Sec. 4. (a) This section applies both to business income (as defined in IC 6-3-1-20) and nonbusiness income (as defined in IC 6-3-1-21).

(b) Only adjusted gross income derived from sources in Indiana, as determined under IC 6-3-2, shall be treated as adjusted gross income under this chapter.

Sec. 5. Notwithstanding any other law, only the deductions allowed by this chapter may be deducted from adjusted gross income to determine taxable adjusted gross income under this chapter.

Chapter 9. Business Franchise Tax

Sec. 1. An excise tax is imposed on a taxpayer in each taxable year in which the taxpayer is doing business in Indiana.

Sec. 2. The tax imposed under section 1 of this chapter is for the privilege of doing business in Indiana in a taxable year regardless of the number of days in a taxable year that the taxpayer is actually doing business in Indiana.

Sec. 3. If:

(1) the taxable adjusted gross income of a taxpayer in the immediately preceding taxable year was not greater than zero (0); and

(2) the taxable net worth of the taxpayer is not greater than one million dollars ($1,000,000);

the tax imposed under this chapter in a taxable year is fifty dollars

C o p y

($50).

Sec. 4. If:

(1) the adjusted gross income of a taxpayer in the immediately preceding taxable year was greater than zero dollars ($0); and

(2) the taxable net worth of the taxpayer is not greater than five hundred thousand dollars ($500,000);

the tax imposed under this chapter in a taxable year is fifty dollars ($50).

Sec. 5. (a) This section applies if sections 3 and 4 of this chapter do not apply to the taxpayer and the taxpayer does not take a deduction under IC 6-2.2-6-2.

(b) The tax imposed under section 1 of this chapter is equal to the result determined under STEP THREE of the following formula:

STEP ONE: Multiply the taxpayer's taxable net worth by three-thousandths (0.003).

STEP TWO: Determine the greater of the following:

(A) Fifty dollars ($50).

(B) The STEP ONE result.

STEP THREE: Determine the lesser of the following:

(A) Two hundred fifty thousand dollars ($250,000).

(B) The STEP TWO result.

Sec. 6. (a) This section applies if sections 2 and 3 of this chapter do not apply to the taxpayer and the taxpayer takes a deduction under IC 6-2.2-6-2.

(b) The tax imposed by section 1 of this chapter is equal to the result determined under the following formula:

STEP ONE: Multiply the taxpayer's taxable net worth, without any deduction under IC 6-2.2-6-2, by three-thousandths (0.003).

STEP TWO: If the STEP ONE result is not greater than fifty dollars ($50), the tax imposed under section 1 of this chapter is fifty dollars ($50).

STEP THREE: If the STEP ONE result is greater than fifty dollars ($50) and not greater than two thousand five hundred dollars ($2,500), the tax imposed under section 1 of this chapter is the STEP ONE result.

STEP FOUR: If the STEP ONE result is greater than two thousand five hundred dollars ($2,500), multiply the taxpayer's net worth, after subtracting the deduction under IC 6-2.2-6-2, by three-thousandths (0.003).

STEP FIVE: If the STEP FOUR result is not greater than two

C o p y

thousand five hundred dollars ($2,500), the tax imposed under section 1 of this chapter is two thousand five hundred dollars ($2,500).

STEP SIX: If the STEP FOUR result is greater than two thousand five hundred dollars ($2,500), the tax imposed under section 1 of this chapter is equal to the lesser of the following:

(A) Two hundred fifty thousand dollars ($250,000).

(B) The STEP FOUR result.

Chapter 10. Credits

Sec. 1. Notwithstanding any other law, the only credits allowable against the franchise tax due under this article are the credits allowed under this chapter.

Sec. 2. A taxpayer is eligible for a credit against the tax imposed under this article for payments made under:

(1) IC 27-6-8-15;

(2) IC 27-8-8-15;

(3) IC 27-8-10-2.1; or

(4) IC 27-13-18-2;

by a member of an affiliated group (as defined in Section 1504 of the Internal Revenue Code) of which the taxpayer is a member.

Chapter 11. Payment of Taxes; Final Returns

Sec. 1. A taxpayer shall file the return prescribed by the department for each taxable year that the taxpayer is doing business in Indiana regardless of whether the taxpayer has any tax due.

Sec. 2. The return must contain the information that the department may require by rule, including any detailed information that may be necessary to determine the taxpayer's tax liability under this article.

Sec. 3. Subject to IC 6-8.1-6-1, a return for a taxable year must be filed before the sixteenth day of the fourth month of the taxpayer's taxable year.

Sec. 4. Subject to IC 6-8.1-6-1, a taxpayer shall pay the tax imposed under this article for a taxable year before the sixteenth day of the fourth month of the taxpayer's taxable year.

Chapter 12. Administration

Sec. 1. Money collected under this article shall be deposited in the state general fund.

Sec. 2. The department may prescribe forms and adopt rules under IC 4-22-2 to carry out this article and collect the tax imposed by this article.

Sec. 3. The department may require a taxpayer to provide

C o p y

information concerning any licenses and registrations that the taxpayer has in Indiana.

Sec. 4. The department may require a taxpayer to notify the department concerning any change in its method of accounting or taxable year.

Sec. 5. The tax imposed under this article is a listed tax.

Chapter 13. Penalties

Sec. 1. The penalties in IC 6-8.1 apply to this article.

Sec. 2. If a taxpayer:

(1) fails to:

(A) file a notice, an information report, or a return; or

(B) pay the amount of the tax due;

as required under this article and IC 6-8.1; and

(2) within ninety (90) days after receiving written notice of a failure described in subdivision (1), fails to comply with this article and pay any penalty imposed under IC 6-8.1 for failure to comply with this article;

the department may suspend the taxpayer's privilege of doing business in Indiana for the remainder of the taxable year in which the failure occurred and for any subsequent taxable year. Notice of the suspension must be given under IC 4-21.5-3-4.

Sec. 3. A taxpayer may obtain administrative review of a suspension under section 2 of this chapter under IC 4-21.5-3-7 and judicial review of a final determination of the department under IC 4-21.5-5. Judicial review shall be initiated by filing a petition in the tax court. The tax court has exclusive jurisdiction over the review.

Sec. 4. Except during any time that an order suspending a taxpayer's privilege of doing business in Indiana is stayed under IC 4-21.5:

(1) a taxpayer whose privilege of doing business in Indiana has been suspended under this chapter is ineligible to enforce any right or power accruing to the taxpayer after the taxpayer receives written notice from the department that the taxpayer's privilege of doing business in Indiana has been suspended; and

(2) any contract entered into by the taxpayer after the taxpayer has received written notice that the taxpayer's privilege of doing business in Indiana has been suspended is voidable by any other party to the contract.

Sec. 5. If:

(1) the department suspends a taxpayer's privilege of doing

C o p y

business or a stay of an order suspending the taxpayer's privilege of doing business in Indiana is terminated; and

(2) the department knows that the taxpayer is required by any law to obtain a license or register with any state agency or political subdivision to engage in doing business;

the department shall notify the state agency or political subdivision that the taxpayer's privilege of doing business in Indiana has been suspended. Upon receipt of the notification, the state agency or political subdivision shall suspend the license or the rights accruing from registration issued by the state agency or political subdivision.

Sec. 6. An order suspending the privilege of doing business in Indiana may be rescinded if the taxpayer:

(1) complies with this article; and

(2) pays the penalties imposed under IC 6-8.1 for violation of this article.

Sec. 7. If an order suspending a taxpayer's privilege of doing business in Indiana is rescinded or stayed, the department shall notify each state agency and political subdivision described in section 5 of this chapter of the action. Upon receipt of the notice, each state agency and political subdivision shall reinstate any license or rights accruing from registration if the taxpayer otherwise qualifies for the license or registration and the taxpayer pays any fees imposed to reinstate the license or registration.

SECTION 58. IC 6-2.5-1-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 10. "Commercial printing" means a process or activity, or both, that is related to the production of printed materials for others, including the following:**

(1) Receiving, processing, moving, storing, and transmitting, either physically or electronically, copy elements and images to be reproduced.

(2) Plate making or cylinder making.

(3) Applying ink by one (1) or more processes, such as printing by letter press, lithography, gravure, screen, or digital means.

(4) Casemaking and binding.

(5) Assembling, packaging, and distributing printed materials.

The term does not include the business of photocopying.

SECTION 59. IC 6-2.5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The state gross retail tax is measured by the gross retail income received by a retail

C o p y

merchant in a retail unitary transaction and is imposed at the following rates:

STATE GROSS RETAIL TAX	GROSS RETAIL INCOME FROM THE RETAIL UNITARY TRANSACTION		
~~$ 0~~		~~less than~~	~~$ .10~~
~~$ .01~~	~~at least $.10,~~	~~but less than~~	~~$ .30~~
~~$ .02~~	~~at least $.30,~~	~~but less than~~	~~$ .50~~
~~$ .03~~	~~at least $.50,~~	~~but less than~~	~~$ .70~~
~~$ .04~~	~~at least $.70,~~	~~but less than~~	~~$ .90~~
~~$ .05~~	~~at least $.90,~~	~~but less than~~	~~$1.10~~
$ 0		**less than**	**$0.09**
$ 0.01	**at least $0.09**	**but less than**	**$0.25**
$ 0.02	**at least $ 0.25**	**but less than**	**$0.42**
$ 0.03	**at least $ 0.42**	**but less than**	**$0.59**
$ 0.04	**at least $ 0.59**	**but less than**	**$0.75**
$ 0.05	**at least $ 0.75**	**but less than**	**$0.92**
$ 0.06	**at least $ 0.92**	**but less than**	**$1.09**

On a retail unitary transaction in which the gross retail income received by the retail merchant is one dollar and ~~ten~~ **nine** cents ~~($1.10)~~ **($1.09)** or more, the state gross retail tax is ~~five~~ **six** percent ~~(5%)~~ **(6%)** of that gross retail income.

(b) If the tax, computed under subsection (a), results in a fraction of one-half cent ~~($.005)~~ **($0.005)** or more, the amount of the tax shall be rounded to the next additional cent.

SECTION 60. IC 6-2.5-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) For purposes of this section:

(1) the retreading of tires shall be treated as the processing of tangible personal property; and

(2) commercial printing ~~as described in IC 6-2.1-2-4~~ shall be treated as the production and manufacture of tangible personal property.

(b) Transactions involving manufacturing machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for direct use in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property.

SECTION 61. IC 6-2.5-5-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 4.5. (a) As used in this section, "research and**

C o p y

development equipment" means tangible personal property that:

(1) is installed after June 30, 2003;

(2) consists of:

(A) laboratory equipment;

(B) research and development equipment;

(C) computers and computer software;

(D) telecommunications equipment; or

(E) testing equipment;

(3) is used in research and development activities devoted directly and exclusively to experimental or laboratory research and development for:

(A) new products;

(B) new uses of existing products; or

(C) improving or testing existing products;

(4) is acquired by the property owner for purposes described in this subsection; and

(5) was never before used by the owner for any purpose in Indiana.

The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(b) Transactions that:

(1) occur after June 30, 2003;

(2) occur before July 1, 2005; and

(3) involve research and development equipment;

are exempt from the state gross retail tax.

SECTION 62. IC 6-2.5-5-5.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5.1. (a) As used in this section, "tangible personal property" includes electrical energy, natural or artificial gas, water, steam, and steam heat.

(b) Transactions involving tangible personal property are exempt from the state gross retail tax if the person acquiring the property acquires it for direct consumption as a material to be consumed in the direct production of other tangible personal property in the person's business of manufacturing, processing, refining, repairing, mining, agriculture, horticulture, floriculture, or arboriculture. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing. ~~as described in IC 6-2.1-2-4.~~

SECTION 63. IC 6-2.5-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. Transactions involving tangible personal property are exempt from the state gross

C o p y

retail tax if the person acquiring the property acquires it for incorporation as a material part of other tangible personal property which the purchaser manufactures, assembles, refines, or processes for sale in his business. This exemption includes transactions involving acquisitions of tangible personal property used in commercial printing. ~~as described in IC 6-2.1-2-4.~~

SECTION 64. IC 6-2.5-5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 21. (a) **For purposes of this section, "private benefit or gain" does not include reasonable compensation paid to an employee for work or services actually performed.**

(b) Sales of food are exempt from the state gross retail tax, if:

(1) the seller ~~is an organization described in IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22,~~ **meets the filing requirements under subsection (d) and is any of the following:**

(A) A fraternity, a sorority, or a student cooperative housing organization that is connected with and under the supervision of a college, a university, or any other educational institution if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(B) Any:

(i) institution;

(ii) trust;

(iii) group;

(iv) united fund;

(v) affiliated agency of a united fund;

(vi) nonprofit corporation;

(vii) cemetery association; or

(viii) organization;

that is organized and operated exclusively for religious, charitable, scientific, literary, educational, or civic purposes if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(C) A group, an organization, or a nonprofit corporation that is organized and operated for fraternal or social purposes, or as a business league or association, and not for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(D) A:

(i) hospital licensed by the state department of health;

(ii) shared hospital services organization exempt from

C o p y

federal income taxation by Section 501(c)(3) or 501(e) of the Internal Revenue Code;

(iii) labor union;

(iv) church;

(v) monastery;

(vi) convent;

(vii) school that is a part of the Indiana public school system;

(viii) parochial school regularly maintained by a recognized religious denomination; or

(ix) trust created for the purpose of paying pensions to members of a particular profession or business who created the trust for the purpose of paying pensions to each other;

if the taxpayer is not organized or operated for private profit or gain;

(2) the purchaser is a person confined to his home because of age, sickness, or infirmity;

(3) the seller delivers the food to the purchaser; and

(4) the delivery is prescribed as medically necessary by a physician licensed to practice medicine in Indiana.

~~(b)~~ **(c)** Sales of food are exempt from the state gross retail tax, if the seller is an organization described in ~~IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22~~ **subsection (b)(1),** and the purchaser is a patient in a hospital operated by the seller.

(d) To obtain the exemption provided by this section, a taxpayer must file an application for exemption with the department:

(1) before January 1, 2003, under IC 6-2.1-3-19 (repealed); or

(2) not later than one hundred twenty (120) days after the taxpayer's formation.

In addition, the taxpayer must file an annual report with the department on or before the fifteenth day of the fifth month following the close of each taxable year. If a taxpayer fails to file the report, the department shall notify the taxpayer of the failure. If within sixty (60) days after receiving such notice the taxpayer does not provide the report, the taxpayer's exemption shall be canceled. However, the department may reinstate the taxpayer's exemption if the taxpayer shows by petition that the failure was due to excusable neglect.

SECTION 65. IC 6-2.5-5-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 22. (a) Sales of school meals are exempt from the state gross retail tax, if:

C o p y

(1) the seller is a school containing students in any grade, one (1) through twelve (12);

(2) the purchaser is one (1) of those students or a school employee; and

(3) the school furnishes the food on its premises.

(b) Sales of food by not-for-profit colleges or universities are exempt from the state gross retail tax, if the purchaser is a student at the college or university.

(c) Sales of meals after December 31, 1976, by a fraternity, sorority, or student cooperative housing organization described in ~~IC 6-2.1-3-19~~ **section 21(b)(1)(A) of this chapter** are exempt from the state gross retail tax, if the purchaser:

(1) is a member of the fraternity, sorority, or student cooperative housing organization; and

(2) is enrolled in the college, university, or educational institution with which the fraternity, sorority, or student cooperative housing organization is connected and by which it is supervised.

SECTION 66. IC 6-2.5-5-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 24. (a) Transactions are exempt from the state gross retail tax to the extent that the gross retail income from those transactions is derived from gross receipts that are: ~~exempt from the gross income tax under IC 6-2.1-3-2, IC 6-2.1-3-3.5, IC 6-2.1-3-5, IC 6-2.1-3-6, IC 6-2.1-3-7, or IC 6-2.1-3-13.~~

(1) derived from sales to the United States government, to the extent the state is prohibited by the Constitution of the United States from taxing that income;

(2) derived from commercial printing that results in printed materials, excluding the business of photocopying, that are shipped, mailed, or delivered outside Indiana;

(3) United States or Indiana taxes received or collected as a collecting agent explicitly designated as a collecting agent for a tax by statute for the state or the United States;

(4) collections by a retail merchant of a retailer's excise tax imposed by the United States exempt tax if:

(A) the tax is imposed solely on the sale at retail of tangible personal property;

(B) the tax is remitted to the appropriate taxing authority; and

(C) the retail merchant collects the tax separately as an addition to the price of the property sold;

(5) collections of a manufacturer's excise tax imposed by the United States on motor vehicles, motor vehicle bodies and

C o p y

chassis, parts and accessories for motor vehicles, tires, tubes for tires, or tread rubber and laminated tires, if the excise tax is separately stated by the collecting taxpayer as either an addition to or an inclusion in the price of the property sold; or

(6) amounts represented by an encumbrance of any kind on tangible personal property received by a retail merchant in reciprocal exchange for tangible personal property of like kind.

(b) Transactions are exempt from the state gross retail tax to the extent that the gross retail income from those transactions is derived from gross receipts that are: ~~exempt from the gross income tax under IC 6-2.1-3-1 or IC 6-2.1-3-3.~~

(1) interest or other earnings paid on bonds or other securities issued by the United States, to the extent the Constitution of the United States prohibits the taxation of that income; or

(2) derived from business conducted in commerce between the state and either another state or a foreign country, to the extent the state is prohibited from taxing that gross income by the Constitution of the United States.

SECTION 67. IC 6-2.5-5-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 25. (a) Transactions involving tangible personal property or service are exempt from the state gross retail tax, if the person acquiring the property or service:

(1) is an organization ~~which~~ **that** is ~~granted a gross income tax exemption under IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22,~~ **described in section 21(b)(1) of this chapter;**

(2) primarily uses the property or service to carry on or to raise money to carry on ~~the~~ **its** not-for-profit purpose; ~~for which it receives the gross income tax exemption;~~ and

(3) is not an organization operated predominantly for social purposes.

(b) Transactions occurring after December 31, 1976, and involving tangible personal property or service are exempt from the state gross retail tax, if the person acquiring the property or service:

(1) is a fraternity, sorority, or student cooperative housing organization ~~which~~ **that** is ~~granted a gross income tax exemption under IC 6-2.1-3-19;~~ **described in section 21(b)(1)(A) of this chapter;** and

(2) uses the property or service to carry on its ordinary and usual activities and operations as a fraternity, sorority, or student cooperative housing organization.

SECTION 68. IC 6-2.5-5-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 26. (a) Sales of tangible

C o p y

personal property are exempt from the state gross retail tax, if:

(1) the seller is an organization ~~which~~ **that** is ~~granted a gross income tax exemption under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22,~~ **described in section 21(b)(1) of this chapter;**

(2) the organization makes the sale to make money to carry on ~~the~~ **a** not-for-profit purpose; ~~for which it receives its gross income tax exemption;~~ and

(3) the organization does not make those sales during more than thirty (30) days in a calendar year.

(b) Sales of tangible personal property are exempt from the state gross retail tax, if:

(1) the seller is an organization ~~which is granted a gross income tax exemption under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22,~~ **described in section 21(b)(1) of this chapter;**

(2) the seller is not operated predominantly for social purposes;

(3) the property sold is designed and intended primarily either for the organization's educational, cultural, or religious purposes, or for improvement of the work skills or professional qualifications of the organization's members; and

(4) the property sold is not designed or intended primarily for use in carrying on a private or proprietary business.

(c) The exemption provided by this section does not apply to an accredited college or university's sales of books, stationery, haberdashery, supplies, or other property.

SECTION 69. IC 6-2.5-6-1, AS AMENDED BY P.L.185-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) Each person liable for collecting the state gross retail or use tax shall file a return for each calendar month and pay the state gross retail and use taxes that the person collects during that month. A person shall file the person's return for a particular month with the department and make the person's tax payment for that month to the department not more than thirty (30) days after the end of that month, if that person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year did not exceed one thousand dollars ($1,000). If a person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year exceeded one thousand dollars ($1,000), that person shall file the person's return for a particular month and make the person's tax payment for that month to the department not more than twenty (20) days after the end

C o p y

of that month.

(b) If a person files a combined sales and withholding tax report and either this section or IC 6-3-4-8.1 requires sales or withholding tax reports to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(c) Instead of the reporting periods required under subsection (a), the department may permit a retail merchant to report and pay the merchant's state gross retail and use taxes for a period covering:

(1) a calendar year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed ten dollars ($10); or

(2) a calendar half year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed twenty-five dollars ($25).

A retail merchant using a reporting period allowed under this subsection must file the merchant's return and pay the merchant's tax for a reporting period not later than the last day of the month immediately following the close of that reporting period.

(d) If a retail merchant reports the merchant's **adjusted** gross income tax, or the tax the merchant pays in place of the **adjusted** gross income tax, over a fiscal year or fiscal quarter not corresponding to the calendar year or calendar quarter, the merchant may, without prior departmental approval, report and pay the merchant's state gross retail and use taxes over the merchant's fiscal period that corresponds to the calendar period the merchant is permitted to use under subsection (c). However, the department may, at any time, require the retail merchant to stop using the fiscal reporting period.

(e) If a retail merchant files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under:

(1) this section;

(2) IC 6-3-4-8; or

(3) IC 6-3-4-8.1.

(f) If the department determines that a person's:

(1) estimated monthly gross retail and use tax liability for the current year; or

(2) average monthly gross retail and use tax liability for the preceding year;

exceeds ten thousand dollars ($10,000) the person shall pay the monthly gross retail and use taxes due by electronic fund transfer (as

C o p y

defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

SECTION 70. IC 6-2.5-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. A retail merchant may, without prior departmental approval, report and pay his state gross retail and use taxes on an accrual basis, if he uses the accrual basis to pay and report the **adjusted** gross income tax or the tax imposed on him in place of the **adjusted** gross income tax. The department may, at any time, require the retail merchant to stop using the accrual basis.

SECTION 71. IC 6-2.5-6-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. Except as otherwise provided in IC 6-2.5-7 or in this chapter, a retail merchant shall pay to the department, for a particular reporting period, an amount equal to the product of:

(1) ~~five~~ **six** percent ~~(5%);~~ **(6%);** multiplied by

(2) the retail merchant's total gross retail income from taxable transactions made during the reporting period.

The amount determined under this section is the retail merchant's state gross retail and use tax liability regardless of the amount of tax he actually collects.

SECTION 72. IC 6-2.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 8. (a) For purposes of determining the amount of state gross retail and use taxes which he must remit under section 7 of this chapter, a retail merchant may exclude from his gross retail income from retail transactions made during a particular reporting period, an amount equal to the product of:

(1) the amount of that gross retail income; multiplied by

(2) the retail merchant's "income exclusion ratio" for the tax year which contains the reporting period.

(b) A retail merchant's "income exclusion ratio" for a particular tax year equals a fraction, the numerator of which is the retail merchant's estimated total gross retail income for the tax year from unitary retail transactions which produce gross retail income of less than ~~ten~~ **nine** cents ~~($.10)~~ **($0.09)** each, and the denominator of which is the retail merchant's estimated total gross retail income for the tax year from all retail transactions.

(c) In order to minimize a retail merchant's recordkeeping requirements, the department shall prescribe a procedure for determining the retail merchant's income exclusion ratio for a tax year,

C o p y

based on a period of time, not to exceed fifteen (15) consecutive days, during the first quarter of the retail merchant's tax year. However, the period of time may be changed if the change is requested by the retail merchant because of his peculiar accounting procedures or marketing factors. In addition, if a retail merchant has multiple sales locations or diverse types of sales, the department shall permit the retail merchant to determine the ratio on the basis of a representative sampling of the locations and types of sales.

SECTION 73. IC 6-2.5-6-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) In order to compensate retail merchants for collecting and timely remitting the state gross retail tax and the state use tax, every retail merchant, except a retail merchant referred to in subsection (c), is entitled to deduct and retain from the amount of those taxes otherwise required to be remitted under IC 6-2.5-7-5 or under this chapter, if timely remitted, a retail merchant's collection allowance.

(b) The allowance equals ~~one~~ **eighty-three hundredths** percent ~~(1%)~~ **(0.83%)** of the retail merchant's state gross retail and use tax liability accrued during a reporting period.

(c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not entitled to the allowance provided by this section.

SECTION 74. IC 6-2.5-7-3, AS AMENDED BY P.L.222-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) With respect to the sale of gasoline which is dispensed from a metered pump, a retail merchant shall collect, for each unit of gasoline sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent ~~($.001),~~ **($0.001),** of:

~~(i)~~ **(1)** the price per unit before the addition of state and federal taxes; multiplied by

~~(ii) five~~ **(2) six** percent ~~(5%).~~ **(6%).**

The retail merchant shall collect the state gross retail tax prescribed in this section even if the transaction is exempt from taxation under IC 6-2.5-5.

(b) With respect to the sale of special fuel or kerosene which is dispensed from a metered pump, unless the purchaser provides an exemption certificate in accordance with IC 6-2.5-8-8, a retail merchant shall collect, for each unit of special fuel or kerosene sold, state gross retail tax in an amount equal to the product, rounded to the nearest one-tenth of one cent ~~($.001),~~ **($0.001),** of:

~~(i)~~ **(1)** the price per unit before the addition of state and federal taxes; multiplied by

C o p y

~~(ii) five~~ **(2) six** percent ~~(5%).~~ **(6%).**

Unless the exemption certificate is provided, the retail merchant shall collect the state gross retail tax prescribed in this section even if the transaction is exempt from taxation under IC 6-2.5-5.

SECTION 75. IC 6-2.5-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. (a) Each retail merchant who dispenses gasoline or special fuel from a metered pump shall, in the manner prescribed in IC 6-2.5-6, report to the department the following information:

(1) The total number of gallons of gasoline sold from a metered pump during the period covered by the report.

(2) The total amount of money received from the sale of gasoline described in subdivision (1) during the period covered by the report.

(3) That portion of the amount described in subdivision (2) which represents state and federal taxes imposed under IC 6-2.5, IC 6-6-1.1, or Section 4081 of the Internal Revenue Code.

(4) The total number of gallons of special fuel sold from a metered pump during the period covered by the report.

(5) The total amount of money received from the sale of special fuel during the period covered by the report.

(6) That portion of the amount described in subdivision (5) that represents state and federal taxes imposed under IC 6-2.5, IC 6-6-2.5, or Section 4041 of the Internal Revenue Code.

(b) Concurrently with filing the report, the retail merchant shall remit the state gross retail tax in an amount which equals ~~one twenty-first (1/21)~~ **five and sixty-six hundredths percent (5.66%)** of the gross receipts, including state gross retail taxes but excluding Indiana and federal gasoline and special fuel taxes, received by the retail merchant from the sale of the gasoline and special fuel that is covered by the report and on which the retail merchant was required to collect state gross retail tax. The retail merchant shall remit that amount regardless of the amount of state gross retail tax which he has actually collected under this chapter. However, the retail merchant is entitled to deduct and retain the amounts prescribed in subsection (c), IC 6-2.5-6-10, and IC 6-2.5-6-11.

(c) A retail merchant is entitled to deduct from the amount of state gross retail tax required to be remitted under subsection (b) an amount equal to:

(1) the sum of the prepayment amounts made during the period covered by the retail merchant's report; minus

(2) the sum of prepayment amounts collected by the retail

C o p y

merchant, in the merchant's capacity as a qualified distributor, during the period covered by the retail merchant's report.

For purposes of this section, a prepayment of the gross retail tax is presumed to occur on the date on which it is invoiced.

SECTION 76. IC 6-2.5-10-1, AS AMENDED BY P.L.253-1999, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects.

(b) The department shall deposit those collections in the following manner:

(1) ~~Forty~~ **Twenty** percent ~~(40%)~~ **(20%)** of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.

(2) ~~Fifty-nine and three-hundredths~~ **Eighty** percent ~~(59.03%)~~ **(80%)** of the collections shall be paid into the state general fund.

~~(3) Seventy-six hundredths of one percent (0.76%) of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.~~

~~(4) Four hundredths of one percent (0.04%) of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.~~

~~(5) Seventeen hundredths of one percent (0.17%) of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.~~

SECTION 77. IC 6-2.5-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. The provisions of the **adjusted** gross income tax law ~~(IC 6-2.1),~~ **(IC 6-3),** which do not conflict with the provisions of this article and which deal with any of the following subjects, apply for the purposes of imposing, collecting, and administering the state gross retail and use taxes under this article:

(1) Filing of returns.
(2) Auditing of returns.
(3) Investigation of tax liability.
(4) Determination of tax liability.
(5) Notification of tax liability.
(6) Assessment of tax liability.
(7) Collection of tax liability.
(8) Examination of taxpayer's books and records.
(9) Legal proceedings.
(10) Court actions.
(11) Remedies.
(12) Privileges.

C o p y

(13) Taxpayer and departmental relief.
(14) Statutes of limitations.
(15) Hearings.
(16) Refunds.
(17) Remittances.
(18) Imposition of penalties and interest.
(19) Maintenance of departmental records.
(20) Confidentiality of taxpayer's returns.
(21) Duties of the secretary of state and the treasurer of state.
(22) Administration.".

Page 14, line 14, after "taxable" insert "**years beginning after December 31, 2001, and before January 1, 2004, add an amount equal to any deduction or deductions allowed or allowable under Section 62 of the Internal Revenue Code for taxes on property levied by any subdivision of any state of the United States.**".

Page 16, line 13, delete "2004," and insert "**2003,**".

Page 16, line 30, after "taxable" insert "**years beginning after December 31, 2001, and before January 1, 2004, add an amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes on property levied by a state or subdivision of a state of the United States.**".

Page 16, line 39, after "(c)" insert "**In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:**

(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state. For taxable years beginning after December 31, 2001, and before January 1, 2004, add an amount equal to a deduction or deductions allowed or allowable under Section 63, Section 805, or Section 831(c) of the Internal Revenue Code for taxes on property levied by a state or subdivision of a state of the United States.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

C o p y

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state. For taxable years beginning after December 31, 2001, and before January 1, 2004, add an amount equal to a deduction or deductions allowed or allowable under Section 63, Section 805, or Section 831(c) of the Internal Revenue Code for taxes on property levied by a state or subdivision of a state of the United States.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(e)".

Page 17, delete lines 1 through 22, begin a new paragraph and insert:

"SECTION 57. IC 6-3-1-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. ~~The term~~ **As used in this article,** "corporation" includes all corporations, associations, real estate investment trusts (as defined in the Internal Revenue Code), joint stock companies, whether organized for profit or not-for-profit, any receiver, trustee or conservator thereof, business trusts, Massachusetts trusts, any proprietorship or partnership taxable under Section 1361 of the Internal Revenue Code, and any publicly traded partnership that is treated as a corporation for federal income tax purposes under Section 7704 of the Internal Revenue Code. **The term includes life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) and insurance companies subject to tax under Section 831 of the Internal Revenue Code.**

SECTION 78. IC 6-3-1-11, AS AMENDED BY P.L.9-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, 2001.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other

C o p y

provisions of the Internal Revenue Code in effect on January 1, 2001, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, 2001, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, 2001, that is effective for any taxable year that began before January 1, 2001, and that affects:

(1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);

(2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);

(3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);

(4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);

(5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or

(6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under ~~IC 6-3-1-3.5 and net income under IC 6-3-8-2(b).~~ **section 3.5 of this chapter.**

SECTION 79. IC 6-3-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. (a) Each taxable year, a tax at the rate of:

(1) three and four-tenths percent (3.4%) of **the first twenty thousand dollars ($20,000) of** adjusted gross income;

(2) three and eight-tenths percent (3.8%) of adjusted gross income that exceeds twenty thousand dollars ($20,000) but is not more than seventy thousand dollars ($70,000); and

(3) four and two-tenths percent (4.2%) of adjusted gross income that exceeds seventy thousand dollars ($70,000);

is imposed upon the adjusted gross income of every resident person, and on that part of the adjusted gross income derived from sources within Indiana of every nonresident person. **The tax rate imposed by this subsection applies to the total taxable income reported on a return filed under IC 6-3-4, regardless of whether the return is a**

C o p y

separate or joint return.

(b) Each taxable year, a tax at the rate of ~~three~~ **eight** and ~~four-tenths~~ **five-tenths** percent ~~(3.4%)~~ **(8.5%)** of adjusted gross income is imposed on that part of the adjusted gross income derived from sources within Indiana of every corporation.

SECTION 80. IC 6-3-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) With regard to corporations and nonresident persons, "adjusted gross income derived from sources within Indiana", for the purposes of this article, shall mean and include:

(1) income from real or tangible personal property located in this state;

(2) income from doing business in this state;

(3) income from a trade or profession conducted in this state;

(4) compensation for labor or services rendered within this state; and

(5) income from stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, good will, trademarks, trade brands, franchises, and other intangible personal property if the receipt from the intangible is attributable to Indiana under section 2.2 of this chapter.

In the case of nonbusiness income described in subsection (g), only so much of such income as is allocated to this state under the provisions of subsections (h) through (k) shall be deemed to be derived from sources within Indiana. In the case of business income, only so much of such income as is apportioned to this state under the provision of subsection (b) shall be deemed to be derived from sources within the state of Indiana. In the case of compensation of a team member (as defined in section 2.7 of this chapter) only the portion of income determined to be Indiana income under section 2.7 of this chapter is considered derived from sources within Indiana. **In the case of a corporation that is a life insurance company (as defined in Section 816(a) of the Internal Revenue Code), or an insurance company that is subject to tax under Section 831 of the Internal Revenue Code, only so much of the income as is apportioned to Indiana under subsection (r) is considered derived from sources within Indiana.**

(b) Except as provided in subsection (l), if business income of a corporation or a nonresident person is derived from sources within the state of Indiana and from sources without the state of Indiana, then the business income derived from sources within this state shall be determined by multiplying the business income derived from sources

C o p y

both within and without the state of Indiana by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three (3). However, after a period of two (2) consecutive quarters of income growth and one (1) additional quarter (regardless of any income growth), the fraction shall be computed as follows:

(1) For all taxable years that begin within the first calendar year immediately following the period, the numerator of the fraction is the sum of the property factor plus the payroll factor plus one hundred thirty-three percent (133%) of the sales factor, and the denominator of the fraction is three and thirty-three hundredths (3.33).

(2) For all taxable years that begin within the second calendar year following the period, the numerator of the fraction is the property factor plus the payroll factor plus one hundred sixty-seven percent (167%) of the sales factor, and the denominator of the fraction is three and sixty-seven hundredths (3.67).

(3) For all taxable years beginning on or after January 1 of the third calendar year following the period, the numerator of the fraction is the property factor plus the payroll factor plus two hundred percent (200%) of the sales factor, and the denominator of the fraction is four (4).

For purposes of this subsection, income growth occurs when the state's nonfarm personal income for a calendar quarter increases in comparison with the state's nonfarm personal income for the immediately preceding quarter at an annualized compound rate of five percent (5%) or more, as determined by the budget agency based on current dollar figures provided by the Bureau of Economic Analysis of the United States Department of Commerce or its successor agency. The annualized compound rate shall be computed in accordance with the formula $(1+N)^4-1$, where N equals the percentage change in the state's current dollar nonfarm personal income from one (1) quarter to the next. As soon as possible after two (2) consecutive quarters of income growth, the budget agency shall advise the department of the growth.

(c) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year. However, with respect to a foreign corporation, the denominator does not include the average value of real or tangible personal property

C o p y

owned or rented and used in a place that is outside the United States. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight (8) times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals. The average of property shall be determined by averaging the values at the beginning and ending of the taxable year but the department may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the taxpayer's property.

(d) The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the taxable year by the taxpayer for compensation, and the denominator of which is the total compensation paid everywhere during the taxable year. However, with respect to a foreign corporation, the denominator does not include compensation paid in a place that is outside the United States. Compensation is paid in this state if:

(1) the individual's service is performed entirely within the state;

(2) the individual's service is performed both within and without this state, but the service performed without this state is incidental to the individual's service within this state; or

(3) some of the service is performed in this state and:

(A) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in this state; or

(B) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual is a resident of this state.

(e) The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the taxable year, and the denominator of which is the total sales of the taxpayer everywhere during the taxable year. Sales include receipts from intangible property and receipts from the sale or exchange of intangible property. However, with respect to a foreign corporation, the denominator does not include sales made in a place that is outside the United States. Receipts from intangible personal property are derived from sources within Indiana if the receipts from the intangible personal property are attributable to Indiana under section 2.2 of this chapter. Sales of tangible personal property are in this state if:

(1) the property is delivered or shipped to a purchaser, other than the United States government, within this state, regardless of the

C o p y

f.o.b. point or other conditions of the sale; or

(2) the property is shipped from an office, a store, a warehouse, a factory, or other place of storage in this state and:

(A) the purchaser is the United States government; or

(B) the taxpayer is not taxable in the state of the purchaser.

Gross receipts derived from commercial printing as described in IC 6-2.1-2-4 shall be treated as sales of tangible personal property for purposes of this chapter.

(f) Sales, other than receipts from intangible property covered by subsection (e) and sales of tangible personal property, are in this state if:

(1) the income-producing activity is performed in this state; or

(2) the income-producing activity is performed both within and without this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

(g) Rents and royalties from real or tangible personal property, capital gains, interest, dividends, or patent or copyright royalties, to the extent that they constitute nonbusiness income, shall be allocated as provided in subsections (h) through (k).

(h)(1) Net rents and royalties from real property located in this state are allocable to this state.

(2) Net rents and royalties from tangible personal property are allocated to this state:

(i) if and to the extent that the property is utilized in this state; or

(ii) in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

(3) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year, and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(i)(1) Capital gains and losses from sales of real property located in this state are allocable to this state.

(2) Capital gains and losses from sales of tangible personal property are allocable to this state if:

C o p y

(i) the property had a situs in this state at the time of the sale; or

(ii) the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.

(3) Capital gains and losses from sales of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.

(j) Interest and dividends are allocable to this state if the taxpayer's commercial domicile is in this state.

(k)(1) Patent and copyright royalties are allocable to this state:

(i) if and to the extent that the patent or copyright is utilized by the taxpayer in this state; or

(ii) if and to the extent that the patent or copyright is utilized by the taxpayer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state.

(2) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located.

(3) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

(l) If the allocation and apportionment provisions of this article do not fairly represent the taxpayer's income derived from sources within the state of Indiana, the taxpayer may petition for or the department may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

(1) separate accounting;

(2) the exclusion of any one (1) or more of the factors;

(3) the inclusion of one (1) or more additional factors which will fairly represent the taxpayer's income derived from sources within the state of Indiana; or

(4) the employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

(m) In the case of two (2) or more organizations, trades, or businesses owned or controlled directly or indirectly by the same interests, the

C o p y

department shall distribute, apportion, or allocate the income derived from sources within the state of Indiana between and among those organizations, trades, or businesses in order to fairly reflect and report the income derived from sources within the state of Indiana by various taxpayers.

(n) For purposes of allocation and apportionment of income under this article, a taxpayer is taxable in another state if:

(1) in that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or

(2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

(o) Notwithstanding subsections (l) and (m), the department may not, under any circumstances, require that income, deductions, and credits attributable to a taxpayer and another entity be reported in a combined income tax return for any taxable year, if the other entity is:

(1) a foreign corporation; or

(2) a corporation that is classified as a foreign operating corporation for the taxable year by section 2.4 of this chapter.

(p) Notwithstanding subsections (l) and (m), the department may not require that income, deductions, and credits attributable to a taxpayer and another entity not described in subsection (o)(1) or (o)(2) be reported in a combined income tax return for any taxable year, unless the department is unable to fairly reflect the taxpayer's adjusted gross income for the taxable year through use of other powers granted to the department by subsections (l) and (m).

(q) Notwithstanding subsections (o) and (p), one (1) or more taxpayers may petition the department under subsection (l) for permission to file a combined income tax return for a taxable year. The petition to file a combined income tax return must be completed and filed with the department not more than thirty (30) days after the end of the taxpayer's taxable year.

(r) This subsection applies to a corporation that is a life insurance company (as defined in Section 816(a) of the Internal Revenue Code) or an insurance company that is subject to tax under Section 831 of the Internal Revenue Code. The corporation's adjusted gross income that is derived from sources within Indiana is determined by multiplying the corporation's adjusted gross income by a fraction:

(1) the numerator of which is the direct premiums and annuity considerations received during the taxable year for insurance

C o p y

upon property or risks in the state; and

(2) the denominator of which is the direct premiums and annuity considerations received during the taxable year for insurance upon property or risks everywhere.

The term "direct premiums and annuity considerations" means the gross premiums received from direct business as reported in the corporation's annual statement filed with the department of insurance.

SECTION 81. IC 6-3-2-2.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.3. Notwithstanding any other provision of this article, with respect to a person, corporation, or partnership that has contracted with a commercial printer for printing:

(1) the ownership or leasing by that entity of tangible or intangible property located at the Indiana premises of the commercial printer;

(2) the sale by that entity of property of any kind produced at and shipped or distributed from the Indiana premises of the commercial printer;

(3) the activities of any kind performed by or on behalf of that entity at the Indiana premises of the commercial printer; and

(4) the activities performed by the commercial printer in Indiana for or on behalf of that entity;

shall not cause that entity to have adjusted gross income derived from sources within Indiana for purposes of the taxes imposed by this chapter, ~~and IC 6-3-8,~~ unless that entity engages in other activities in Indiana away from the premises of the commercial printer that exceed the protection of 15 U.S.C. 381.

SECTION 82. IC 6-3-2-2.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.6. (a) This section applies to a corporation or a nonresident person, for a particular taxable year, if the taxpayer's adjusted gross income for that taxable year is reduced because of a deduction allowed under Section 172 of the Internal Revenue Code for a net operating loss. For purposes of section 1 of this chapter, the taxpayer's adjusted gross income, for the particular taxable year, derived from sources within Indiana is the remainder determined under STEP FOUR of the following formula:

STEP ONE: Determine, in the manner prescribed in section 2 of this chapter, the taxpayer's adjusted gross income, for the taxable year, derived from sources within Indiana, as calculated without the deduction for net operating losses provided by Section 172 of the Internal Revenue Code.

STEP TWO: Determine, in the manner prescribed in subsection

C o p y

(b), the amount of the taxpayer's net operating losses that are deductible for the taxable year under Section 172 of the Internal Revenue Code, as adjusted to reflect the modifications required by IC 6-3-1-3.5, and that are derived from sources within Indiana.

STEP THREE: Enter the larger of zero (0) or the amount determined under STEP TWO.

STEP FOUR: Subtract the amount entered under STEP THREE from the amount determined under STEP ONE.

(b) For purposes of STEP TWO of subsection (a), the modifications that are to be applied are those modifications required under IC 6-3-1-3.5 for the same taxable year during which each net operating loss was incurred. In addition, for purposes of STEP TWO of subsection (a), the amount of a taxpayer's net operating losses that are derived from sources within Indiana shall be determined in the same manner that the amount of the taxpayer's income derived from sources within Indiana is determined, under section 2 of this chapter, for the same taxable year during which each loss was incurred. Also, for purposes of STEP TWO of subsection (a), the following procedures apply:

(1) The taxpayer's net operating loss for a particular taxable year shall be treated as a positive number.

(2) A modification that is to be added to federal adjusted gross income or federal taxable income under IC 6-3-1-3.5 shall be treated as a negative number.

(3) A modification that is to be subtracted from federal adjusted gross income or federal taxable income under IC 6-3-1-3.5 shall be treated as a positive number.

(4) A net operating loss under this section shall be considered even though, in the year the taxpayer incurred the loss, the taxpayer was not subject to the tax imposed under section 1 of this chapter because the taxpayer was:

(A) a life insurance company (as defined in Section 816(a) of the Internal Revenue Code); or

(B) an insurance company subject to tax under Section 831 of the Internal Revenue Code.

SECTION 83. IC 6-3-2-2.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.8. Notwithstanding any provision of IC 6-3-1 through IC 6-3-7, there shall be no tax on the adjusted gross income of the following:

(1) Any organization described in Section 501(a) of the Internal Revenue Code, except that any income of such organization which is subject to income tax under the Internal Revenue Code shall be

C o p y

subject to the tax under IC 6-3-1 through IC 6-3-7.

(2) Any corporation which is exempt from income tax under Section 1363 of the Internal Revenue Code and which complies with the requirements of IC 6-3-4-13. However, income of a corporation described under this subdivision that is subject to income tax under the Internal Revenue Code is subject to the tax under IC 6-3-1 through IC 6-3-7. A corporation will not lose its exemption under this section because it fails to comply with IC 6-3-4-13 but it will be subject to the penalties provided by IC 6-8.1-10.

(3) Banks and trust companies, national banking associations, savings banks, building and loan associations, and savings and loan associations.

(4) Insurance companies subject to tax under IC 27-1-18-2, **including a domestic insurance company that elects to be taxed under IC 27-1-18-2.**

(5) International banking facilities (as defined in Regulation D of the Board of Governors of the Federal Reserve System (12 CFR 204)).

SECTION 84. IC 6-3-2-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3.1. (a) Except as otherwise provided in subsection (b), income is not exempt from the adjusted gross income tax ~~or the supplemental net income tax,~~ under section 2.8(1) of this chapter if the income is derived by the exempt organization from an unrelated trade or business, as defined in Section 513 of the Internal Revenue Code.

(b) This section does not apply to:

(1) the United States government;

(2) an agency or instrumentality of the United States government;

(3) this state;

(4) a state agency, as defined in IC 34-6-2-141;

(5) a political subdivision, as defined in IC 34-6-2-110; or

(6) a county solid waste management district or a joint solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal).

SECTION 85. IC 6-3-2-6, AS AMENDED BY P.L.14-1999, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) Each taxable year, an individual who rents a dwelling for use as ~~his~~ **the individual's** principal place of residence may deduct from ~~his~~ **the individual's** adjusted gross income (as defined in IC 6-3-1-3.5(a)), the lesser of:

(1) the amount of rent paid by ~~him~~ **the individual** with respect to

C o p y

the dwelling during the taxable year; or

(2) ~~two~~ **four** thousand dollars ~~($2,000).~~ **($4,000).**

(b) Notwithstanding subsection (a), a husband and wife filing a joint adjusted gross income tax return for a particular taxable year may not claim a deduction under this section of more than ~~two~~ **four** thousand dollars ~~($2,000).~~ **($4,000).**

(c) The deduction provided by this section does not apply to an individual who rents a dwelling that is exempt from Indiana property tax.

(d) For purposes of this section, a "dwelling" includes a single family dwelling and unit of a multi-family dwelling.

SECTION 86. IC 6-3-4-4.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4.1. (a) This section applies to taxable years beginning after December 31, 1993.

(b) Any individual required by the Internal Revenue Code to file estimated tax returns and to make payments on account of such estimated tax shall file estimated tax returns and make payments of the tax imposed by this article to the department at the time or times and in the installments as provided by Section 6654 of the Internal Revenue Code. However, in applying Section 6654 of the Internal Revenue Code for the purposes of this article, "estimated tax" means the amount which the individual estimates as the amount of the adjusted gross income tax imposed by this article for the taxable year, minus the amount which the individual estimates as the sum of any credits against the tax provided by IC 6-3-3.

(c) Every individual who has **adjusted** gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than four hundred dollars ($400). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

(d) Every corporation subject to the adjusted gross income tax liability imposed by IC 6-3 shall be required to report and pay an estimated tax equal to twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year. ~~less the credit allowed by IC 6-3-3-2 for the tax imposed on gross income. Such estimated payment shall be made at the same time and in conjunction with the reporting of gross income tax as provided for in IC 6-2.1-5.~~ **A taxpayer who uses a taxable year that ends on December 31 shall**

C o p y

file the taxpayer's estimated adjusted gross income tax returns and pay the tax to the department on or before April 20, June 20, September 20, and December 20 of the taxable year. If a taxpayer uses a taxable year that does not end on December 31, the due dates for filing estimated adjusted gross income tax returns and paying the tax are on or before the twentieth day of the fourth, sixth, ninth, and twelfth months of the taxpayer's taxable year. The department shall prescribe the manner and forms for such reporting and payment.

(e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (d) or (g). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax plus supplemental net income tax plus gross income tax which equal or exceed:

(1) twenty percent (20%) of the final tax liability for such taxable year; or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the sum of the corporation's final adjusted gross income tax plus supplemental net income tax liability for such taxable year.

(f) The provisions of subsection (d) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability which, after application of the credit allowed by IC 6-3-3-2, shall exceed one thousand dollars ($1,000) for its taxable year.

(g) If the department determines that a corporation's:

(1) estimated quarterly adjusted gross income tax liability for the current year; or

(2) average estimated quarterly adjusted gross income tax liability for the preceding year;

exceeds, before January 1, 1998, twenty thousand dollars ($20,000), and, after December 31, 1997, ten thousand dollars ($10,000), after the credit allowed by IC 6-3-3-2, the corporation shall pay the estimated adjusted gross income taxes due by electronic funds transfer (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before

C o p y

the date the tax is due.

(h) If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.

SECTION 87. IC 6-3-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 8. (a) Except as provided in subsection (d) **or (l),** every employer making payments of wages subject to tax under IC 6-3, regardless of the place where such payment is made, who is required under the provisions of the Internal Revenue Code to withhold, collect, and pay over income tax on wages paid by such employer to such employee, shall, at the time of payment of such wages, deduct and retain therefrom the amount prescribed in withholding instructions issued by the department. The department shall base its withholding instructions on the adjusted gross income tax rate for persons, on the total rates of any income taxes that the taxpayer is subject to under IC 6-3.5, and on the total amount of exclusions the taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4). Such employer making payments of any wages:

(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and withheld under this section and shall not be liable to any individual for the amount deducted from ~~his~~ **the individual's** wages and paid over in compliance or intended compliance with this section; and

(2) shall make return of and payment to the department monthly of the amount of tax which under IC 6-3 and IC 6-3.5 ~~he~~ **the employer** is required to withhold.

(b) An employer shall pay taxes withheld under subsection (a) during a particular month to the department no later than thirty (30) days after the end of that month. However, in place of monthly reporting periods, the department may permit an employer to report and pay the tax for:

(1) a calendar year reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed ten dollars ($10);

(2) a six (6) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed twenty-five dollars ($25); or

(3) a three (3) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed seventy-five dollars ($75).

An employer using a reporting period (other than a monthly reporting period) must file the employer's return and pay the tax for a reporting period no later than the last day of the month immediately following

C o p y

the close of the reporting period. If an employer files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under this section, section 8.1 of this chapter, or IC 6-2.5-6-1.

(c) For purposes of determining whether an employee is subject to taxation under IC 6-3.5, an employer is entitled to rely on the statement of ~~his~~ **an** employee as to ~~his~~ **the employee's** county of residence as represented by the statement of address in forms claiming exemptions for purposes of withholding, regardless of when the employee supplied the forms. Every employee shall notify ~~his~~ **the employee's** employer within five (5) days after any change in ~~his~~ **the employee's** county of residence.

(d) A county that makes payments of wages subject to tax under IC 6-3:

(1) to a precinct election officer (as defined in IC 3-5-2-40.1); and

(2) for the performance of the duties of the precinct election officer imposed by IC 3 that are performed on election day;

is not required, at the time of payment of the wages, to deduct and retain from the wages the amount prescribed in withholding instructions issued by the department.

(e) Every employer shall, at the time of each payment made by ~~him~~ **the employer** to the department, deliver to the department a return upon the form prescribed by the department showing:

(1) the total amount of wages paid to ~~his~~ **the employer's** employees;

(2) the amount deducted therefrom in accordance with the provisions of the Internal Revenue Code;

(3) the amount of adjusted gross income tax deducted therefrom in accordance with the provisions of this section;

(4) the amount of income tax, if any, imposed under IC 6-3.5 and deducted therefrom in accordance with this section; and

(5) any other information the department may require.

Every employer making a declaration of withholding as provided in this section shall furnish ~~his~~ **the employer's** employees annually, but not later than thirty (30) days after the end of the calendar year, a record of the total amount of adjusted gross income tax and the amount of each income tax, if any, imposed under IC 6-3.5, withheld from the employees, on the forms prescribed by the department.

(f) All money deducted and withheld by an employer shall immediately upon such deduction be the money of the state, and every employer who deducts and retains any amount of money under the provisions of IC 6-3 shall hold the same in trust for the state of Indiana

C o p y

and for payment thereof to the department in the manner and at the times provided in IC 6-3. Any employer may be required to post a surety bond in the sum the department determines to be appropriate to protect the state with respect to money withheld pursuant to this section.

(g) The provisions of IC 6-8.1 relating to additions to tax in case of delinquency and penalties shall apply to employers subject to the provisions of this section, and for these purposes any amount deducted or required to be deducted and remitted to the department under this section shall be considered to be the tax of the employer, and with respect to such amount the employer shall be considered the taxpayer. In the case of a corporate or partnership employer, every officer, employee, or member of such employer, who, as such officer, employee, or member is under a duty to deduct and remit such taxes shall be personally liable for such taxes, penalties, and interest.

(h) Amounts deducted from wages of an employee during any calendar year in accordance with the provisions of this section shall be considered to be in part payment of the tax imposed on such employee for ~~his~~ **the employee's** taxable year which begins in such calendar year, and a return made by the employer under subsection (b) shall be accepted by the department as evidence in favor of the employee of the amount so deducted from ~~his~~ **the employee's** wages. Where the total amount so deducted exceeds the amount of tax on the employee as computed under IC 6-3 and IC 6-3.5, the department shall, after examining the return or returns filed by the employee in accordance with IC 6-3 and IC 6-3.5, refund the amount of the excess deduction. However, under rules promulgated by the department, the excess or any part thereof may be applied to any taxes or other claim due from the taxpayer to the state of Indiana or any subdivision thereof. No refund shall be made to an employee who fails to file ~~his~~ **the employee's** return or returns as required under IC 6-3 and IC 6-3.5 within two (2) years from the due date of the return or returns. In the event that the excess tax deducted is less than one dollar ($1), no refund shall be made.

(i) This section shall in no way relieve any taxpayer from ~~his~~ **the taxpayer's** obligation of filing a return or returns at the time required under IC 6-3 and IC 6-3.5, and, should the amount withheld under the provisions of this section be insufficient to pay the total tax of such taxpayer, such unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(j) Notwithstanding subsection (b), an employer of a domestic service employee that enters into an agreement with the domestic service

C o p y

employee to withhold federal income tax under Section 3402 of the Internal Revenue Code may withhold Indiana income tax on the domestic service employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(k) To the extent allowed by Section 1137 of the Social Security Act, an employer of a domestic service employee may report and remit state unemployment insurance contributions on the employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(l) **An employer is exempt from the withholding requirements of this section for an individual if the individual certifies to the employer, on forms prescribed by the department, that the individual's wages from the employer for the calendar year will:**

(1) comprise more than eighty percent (80%) of the individual's Indiana total income (as defined in IC 6-3.1-21-3); and

(2) not exceed fifteen thousand dollars ($15,000).

(m) A person who knowingly fails to remit trust fund money as set forth in this section commits a Class D felony.

SECTION 88. IC 6-3.1-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter, the following terms have the following meanings:

(1) "Eligible teacher" means a teacher:

(A) certified in a shortage area by the professional standards board established by IC 20-1-1.4; and

(B) employed under contract during the regular school term by a school corporation in a shortage area.

(2) "Qualified position" means a position that:

(A) is relevant to the teacher's academic training in a shortage area; and

(B) has been approved by the Indiana state board of education under section 6 of this chapter.

(3) "Regular school term" means the period, other than the school summer recess, during which a teacher is required to perform duties assigned to him under a teaching contract.

(4) "School corporation" means any corporation authorized by law to establish public schools and levy taxes for their maintenance.

(5) "Shortage area" means the subject areas of mathematics and science and any other subject area designated as a shortage area by the Indiana state board of education.

(6) "State income tax liability" means a taxpayer's total income tax

C o p y

liability incurred under IC 6-2.1, ~~and~~ IC 6-3, **and IC 6-5.5,** as computed after application of credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

SECTION 89. IC 6-3.1-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. (a) A credit to which a taxpayer is entitled under this chapter shall be applied ~~in the following manner:~~

(1) First, against the taxpayer's gross income tax liability for the taxable year.

(2) Second, against the taxpayer's adjusted gross income tax liability for the taxable year.

~~(3) Third, against the taxpayer's supplemental net income tax liability for the taxable year.~~

(b) A taxpayer that is subject to the financial institutions tax may apply the credit provided by this chapter against the taxpayer's financial institutions tax liability for the taxable year.

SECTION 90. IC 6-3.1-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter:

"Base amount" means base amount (as defined in Section 41(c) of the Internal Revenue Code **as in effect on January 1, 2001).**

"Base period Indiana qualified research expense" means base period research expense that is incurred for research conducted in Indiana.

"Base period research expense" means base period research expense (as defined in Section 41(c) of the Internal Revenue Code before January 1, 1990).

"Indiana qualified research expense" means qualified research expense that is incurred for research conducted in Indiana.

"Qualified research expense" means qualified research expense (as defined in Section 41(b) of the Internal Revenue Code **as in effect on January 1, 2001).**

"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.

"Research expense tax credit" means a credit provided under this chapter against any tax otherwise due and payable under IC 6-2.1 or IC 6-3.

"Taxpayer" means an individual, a corporation, a limited liability company, a limited liability partnership, a trust, or a partnership.

C o p y

SECTION 91. IC 6-3.1-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter:

"Base amount" means base amount (as defined in Section 41(c) of the Internal Revenue Code).

"Base period Indiana qualified research expense" means base period research expense that is incurred for research conducted in Indiana.

"Base period research expense" means base period research expense (as defined in Section 41(c) of the Internal Revenue Code before January 1, 1990).

"Indiana qualified research expense" means qualified research expense that is incurred for research conducted in Indiana.

"Qualified research expense" means qualified research expense (as defined in Section 41(b) of the Internal Revenue Code).

"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.

"Research expense tax credit" means a credit provided under this chapter against any tax otherwise due and payable under ~~IC 6-2.1 or~~ IC 6-3.

"Taxpayer" means an individual, a corporation, a limited liability company, a limited liability partnership, a trust, or a partnership **that has any tax liability under IC 6-3 (adjusted gross income tax).**

SECTION 92. IC 6-3.1-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. ~~(a)~~ A taxpayer who incurs Indiana qualified research expense in a particular taxable year is entitled to a research expense tax credit for the taxable year

~~(b) A taxpayer who does not have income apportioned to this state for a taxable year under IC 6-3-2-2 is entitled to a research expense tax credit for the taxable year~~ in the amount of the product of:

(1) ~~five~~ **ten** percent ~~(5%)~~; **(10%);** multiplied by

(2) the remainder of the taxpayer's Indiana qualified research expenses for the taxable year, minus:

(A) the taxpayer's base period Indiana qualified research expenses, for taxable years beginning before January 1, 1990; or

(B) the taxpayer's base amount, for taxable years beginning after December 31, 1989.

~~(c) A taxpayer who has income apportioned to this state for a taxable year under IC 6-3-2-2 is entitled to a research expense tax credit for the~~

C o p y

~~taxable year in the amount of the lesser of:~~

~~(1) the amount determined under subsection (b); or~~

~~(2) five percent (5%) multiplied by the remainder of the taxpayer's total qualified research expenses for the taxable year, minus:~~

~~(A) the taxpayer's base period research expenses, for taxable years beginning before January 1, 1990; or~~

~~(B) the taxpayer's base amount, for taxable years beginning after December 31, 1989;~~

~~further multiplied by the percentage determined under IC 6-3-2-2 for the apportionment of the taxpayer's income for the taxable year to this state.~~

SECTION 93. IC 6-3.1-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) The amount of the credit provided by this chapter that a taxpayer uses during a particular taxable year may not exceed the sum of the taxes imposed by ~~IC 6-2.1 and~~ IC 6-3 for the taxable year 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. If the credit provided by this chapter exceeds that sum for the taxable year for which the credit is first claimed, then the excess may be carried over to succeeding taxable years and used as a credit against the tax otherwise due and payable by the taxpayer under ~~IC 6-2.1 or~~ IC 6-3 during those taxable years. Each time that the credit is carried over to a succeeding taxable year, it is to be reduced by the amount which was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for fifteen (15) taxable years following the unused credit year.

(b) A credit earned by a taxpayer in a particular taxable year shall be applied against the taxpayer's tax liability for that taxable year before any credit carryover is applied against that liability under subsection (a).

(c) A taxpayer is not entitled to any carryback or refund of any unused credit.

SECTION 94. IC 6-3.1-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. The provisions of Section 41 of the Internal Revenue Code **as in effect on January 1, 2001,** and the regulations promulgated in respect to those provisions **and in effect on January 1, 2001,** are applicable to the interpretation and administration by the department of the credit provided by this chapter, including the allocation and pass through of the credit to various taxpayers and the transitional rules for determination of the base period.

C o p y

SECTION 95. IC 6-3.1-4-6, AS AMENDED BY P.L.4-2000, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. ~~Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for Indiana qualified research expense incurred after December 31, 2002.~~ Notwithstanding Section 41 of the Internal Revenue Code, the termination date in Section 41(h) of the Internal Revenue Code does not apply to a taxpayer who is eligible for the credit under this chapter for the taxable year in which the Indiana qualified research expense is incurred.

SECTION 96. IC 6-3.1-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. As used in this chapter:

"New partnership interest" means a general or a limited partnership interest in a limited partnership if the interest is acquired by the taxpayer from the limited partnership.

"New stock" means a share of stock of a corporation if the stock, when purchased by the taxpayer, is authorized but unissued.

"Qualified entity" means the state corporation or other corporation or limited partnership in which the state corporation purchases, before January 1, 1984, new stock or a new partnership interest under section 7(d) of this chapter.

"Qualified investment" means new stock or a new partnership interest in a qualified entity, if the new stock or the new partnership interest is purchased by the taxpayer solely for cash.

"State corporation" means the corporation organized under sections 7 and 8 of 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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and

~~(7)~~ **(4)** 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.

"Taxpayer" means any person, corporation, partnership, or other entity that has any state tax liability.

SECTION 97. IC 6-3.1-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. The state corporation is exempt from all state tax levies, including but not limited

C o p y

to the gross income tax (IC 6-2.1), state gross retail tax (IC 6-2.5), use tax (IC 6-2.5-3), **and** adjusted gross income tax (IC 6-3-1 through IC 6-3-7). ~~and the supplemental net income tax (IC 6-3-8).~~ However, the state corporation is not exempt from employment taxes or taxes imposed by a county or by a municipal corporation.

SECTION 98. IC 6-3.1-5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. (a) Except as provided in subsection (b), income that is received by a taxpayer **that is a corporation (as defined in IC 6-3-1-10)** by reason of ownership of a qualified investment is exempt from gross income tax (IC 6-2.1) **and** adjusted gross income tax (IC 6-3-1 through IC 6-3-7). ~~and supplemental net income tax (IC 6-3-8).~~

(b) The exemption provided under subsection (a) shall not apply to any income realized by reason of the sale or other disposition of the qualified investment.

SECTION 99. IC 6-3.1-5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. A taxpayer is exempt from a tax to the extent that the tax is based on or measured by a qualified investment, including but not limited to a tax which might otherwise be imposed with respect to the qualified investment. ~~under the bank tax (IC 6-5-10) or the savings and loan association tax (IC 6-5-11).~~

SECTION 100. IC 6-3.1-5-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 13. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) First, against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Second, against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

~~(3) Third, against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

~~(4) Fourth, against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.~~

~~(5) Fifth,~~ **(3) Third,** against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

(b) If the tax paid by the taxpayer under a tax provision listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

C o p y

(c) A taxpayer that is subject to the financial institutions tax may apply the credit provided by this chapter against the taxpayer's financial institutions tax liability for the taxable year.

SECTION 101. IC 6-3.1-6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. The department shall apply a credit to which a taxpayer is entitled under this chapter in the following manner:

(1) First, against the taxpayer's gross income tax liability for the taxable year.

(2) Second, against the taxpayer's adjusted gross income tax liability for the taxable year.

~~(3) Third, against the taxpayer's supplemental net income tax liability for the taxable year.~~

SECTION 102. IC 6-3.1-7-1, AS AMENDED BY P.L.120-1999, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter:

"Enterprise zone" means an enterprise zone created under IC 4-4-6.1.

"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.

"Qualified loan" means a loan made to an entity that uses the loan proceeds for:

(1) a purpose that is directly related to a business located in an enterprise zone;

(2) an improvement that increases the assessed value of real property located in an enterprise zone; or

(3) rehabilitation, repair, or improvement of a residence.

"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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and

~~(7)~~ **(4)** 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

C o p y

chapter.

"Taxpayer" means any person, corporation, limited liability company, partnership, or other entity that has any state tax liability The term includes a pass through entity.

SECTION 103. IC 6-3.1-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) First, against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Second, against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

~~(3) Third, against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

~~(4) Fourth, against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.~~

~~(5) Fifth,~~ **(3) Third,** against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

(4) Fourth, against the taxpayer's financial institutions tax liability (IC 6-5.5) for the taxable year.

(b) If the tax paid by the taxpayer under a tax provision listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

SECTION 104. IC 6-3.1-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter:

"Business firm" means any business entity authorized to do business in the state of Indiana that ~~is:~~

~~(1) subject to the gross, adjusted gross, supplemental net income, or financial institutions tax;~~

~~(2) an employer exempt from adjusted gross income tax (IC 6-3-1 through IC 6-3-7) under IC 6-3-2-2.8(2); or~~

~~(3) a partnership.~~ **has state tax liability.**

"Community services" means any type of counseling and advice, emergency assistance, medical care, recreational facilities, housing facilities, or economic development assistance to individuals, groups, or neighborhood organizations in an economically disadvantaged area.

"Crime prevention" means any activity which aids in the reduction of crime in an economically disadvantaged area.

C o p y

"Economically disadvantaged area" means an enterprise zone, or any area in Indiana that is certified as an economically disadvantaged area by the department of commerce after consultation with the community services agency. The certification shall be made on the basis of current indices of social and economic conditions, which shall include but not be limited to the median per capita income of the area in relation to the median per capita income of the state or standard metropolitan statistical area in which the area is located.

"Education" means any type of scholastic instruction or scholarship assistance to an individual who resides in an economically disadvantaged area that enables him to prepare himself for better life opportunities.

"Enterprise zone" means an enterprise zone created under IC 4-4-6.1.

"Job training" means any type of instruction to an individual who resides in an economically disadvantaged area that enables him to acquire vocational skills so that he can become employable or be able to seek a higher grade of employment.

"Neighborhood assistance" means either:

(1) furnishing financial assistance, labor, material, and technical advice to aid in the physical or economic improvement of any part or all of an economically disadvantaged area; or

(2) furnishing technical advice to promote higher employment in any neighborhood in Indiana.

"Neighborhood organization" means any organization, including but not limited to a nonprofit development corporation:

(1) performing community services in an economically disadvantaged area; and

(2) holding a ruling:

(A) from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of the Internal Revenue Code; and

(B) from the department of state revenue that the organization is exempt from income taxation under IC 6-2.1-3-20.

"Person" means any individual subject to Indiana gross or adjusted gross income tax.

"State fiscal year" means a twelve (12) month period beginning on July 1 and ending on June 30.

"State tax liability" means the 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 (the adjusted gross income tax);

C o p y

and

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

as computed after the application of the credits that, under IC6-3.1-1-2, are to be applied before the credit provided by this chapter.

"Tax credit" means a deduction from any tax otherwise due and payable under IC 6-2.1, IC 6-3, or IC 6-5.5.

SECTION 105. IC 6-3.1-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) Subject to the limitations provided in subsection (b) and sections 4, 5, and 6 of this chapter, the department shall grant a tax credit against any ~~gross, adjusted gross or supplemental net income~~ **state** tax **liability** due equal to fifty percent (50%) of the amount invested by a business firm or person in a program the proposal for which was approved under section 2 of this chapter.

(b) The credit provided by this chapter shall only be applied against any ~~income~~ **state** tax liability owed by the taxpayer after the application of any credits, which under IC 6-3.1-1-2 must be applied before the credit provided by this chapter. In addition, the tax credit which a taxpayer receives under this chapter may not exceed twenty-five thousand dollars ($25,000) for any taxable year of the taxpayer.

(c) If a business firm that is:

(1) exempt from adjusted gross income tax (IC 6-3-1 through IC 6-3-7) under IC 6-3-2-2.8(2); or

(2) a partnership;

does not have any tax liability against which the credit provided by this section may be applied, a shareholder or a partner of the business firm is entitled to a credit against the shareholder's or the partner's liability under the adjusted gross income tax.

(d) The amount of the credit provided by this section is equal to:

(1) the tax credit determined for the business firm for the taxable year under subsection (a); multiplied by

(2) the percentage of the business firm's distributive income to which the shareholder or the partner is entitled.

The credit provided by this section is in addition to any credit to which a shareholder or partner is otherwise entitled under this chapter. However, a business firm and a shareholder or partner of that business firm may not claim a credit under this chapter for the same investment.

SECTION 106. IC 6-3.1-11-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 12. As used in this chapter, "state tax liability" means the taxpayer's total tax liability that is incurred under:

C o p y

(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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and
~~(7)~~ **(4)** 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.

SECTION 107. IC 6-3.1-11-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 22. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) Against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.
(2) Against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.
~~(3) Against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~
~~(4) Against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.~~
~~(5)~~ **(3)** Against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.
~~(6)~~ **(4)** Against the taxpayer's financial institutions tax (IC 6-5.5) for the taxable year.

(b) Whenever the tax paid by the taxpayer under any of the tax provisions listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

SECTION 108. IC 6-3.1-11.5-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. As used in this chapter, "state tax liability" means the 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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and
~~(7)~~ **(4)** IC 6-5.5 (the financial institutions tax);

C o p y

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.

SECTION 109. IC 6-3.1-11.5-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 24. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) Against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

~~(3) Against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

~~(4) Against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.~~

~~(5)~~ **(3)** Against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

~~(6)~~ **(4)** Against the taxpayer's financial institutions tax (IC 6-5.5) for the taxable year.

(b) Whenever the tax paid by the taxpayer under any of the tax provisions listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

SECTION 110. IC 6-3.1-13-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. 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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and

~~(7)~~ **(4)** 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.

SECTION 111. IC 6-3.1-13.5-4, AS ADDED BY P.L.291-2001, SECTION 177, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

C o p y

(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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and
~~(7)~~ **(4)** 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.

SECTION 112. IC 6-3.1-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. The department of state revenue shall apply a credit to which a taxpayer is entitled under this chapter in the following manner:

(1) First, against the taxpayer's gross income tax liability (IC 6-2.1-1) for the taxable year.
(2) Second, ~~against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~
~~(3) Third,~~ against the taxpayer's adjusted gross income liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

SECTION 113. IC 6-3.1-15-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability 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)~~ **(3)** IC 6-5.5 (the financial institutions tax); and
~~(7)~~ **(4)** IC 27-1-18-2 (the 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.

SECTION 114. IC 6-3.1-16-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under

(1) IC 6-2.1 (the gross income tax); **and**
(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax) ~~and~~
~~(3) IC 6-3-8 (the supplemental net 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.

SECTION 115. IC 6-3.1-17-3 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. 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)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax);

~~(7)~~ **(4)** IC 6-5.5 (the financial institutions tax); and

~~(8)~~ **(5)** IC 6-2.5 (state gross retail and use 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.

SECTION 116. IC 6-3.1-18-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability 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); **and**

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

~~(4)~~ **(3)** IC 6-5.5 (the financial institutions 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.

SECTION 117. IC 6-3.1-18-6, AS AMENDED BY P.L.4-1999, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) Subject to the limitations provided in subsection (b) and sections 7, 8, 9, 10, and 11 of this chapter, the department shall grant a tax credit against any ~~gross, adjusted gross or supplemental net income~~ **state** tax **liability** due equal to fifty percent (50%) of the amount contributed by a person or an individual to a fund if the contribution is not less than one hundred dollars ($100) and not more than fifty thousand dollars ($50,000).

(b) The credit provided by this chapter shall only be applied against any ~~income~~ **state** tax liability owed by the taxpayer after the application of any credits that under IC 6-3.1-1-2 must be applied before the credit provided by this chapter.

SECTION 118. IC 6-3.1-19-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter, "state and local tax liability" means a taxpayer's total tax liability 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);

C o p y

~~(3) IC 6-3-8 (the supplemental net income tax);~~
~~(4)~~ **(3)** IC 6-3.5-1.1 (county adjusted gross income tax);
~~(5)~~ **(4)** IC 6-3.5-6 (county option income tax);
~~(6)~~ **(5)** IC 6-3.5-7 (county economic development income tax);
~~(7) IC 6-5-10 (the bank tax);~~
~~(8) IC 6-5-11 (the savings and loan association tax);~~
~~(9)~~ **(6)** IC 6-5.5 (the financial institutions tax); and
~~(10)~~ **(7)** IC 27-1-18-2 (the insurance premiums 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.

SECTION 119. IC 6-3.1-21-6, AS ADDED BY P.L.273-1999, SECTION 227, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. ~~The~~ **(a) An individual who is eligible for an earned income tax credit under Section 32 of the Internal Revenue Code is eligible for a** credit ~~authorized~~ under ~~section 5 of~~ this chapter ~~is~~ equal to ~~three and four-tenths~~ **eight** percent ~~(3.4%)~~ **(8%)** of ~~(1) twelve thousand dollars ($12,000); minus (2)~~ the amount of the ~~individual's Indiana total income.~~ **federal earned income tax credit that the individual:**

(1) is eligible to receive in the taxable year; and
(2) claimed for the taxable year;

under Section 32 of the Internal Revenue Code.

(b) If the credit amount exceeds the taxpayer's adjusted gross income tax liability for the taxable year, the excess shall be refunded to the taxpayer.

SECTION 120. IC 6-3.1-22.2-3, AS ADDED BY P.L.291-2001, SECTION 149, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. 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 6-2.5 (state gross retail and use tax);
(3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
~~(4) IC 6-3-8 (the supplemental corporate net income tax);~~
~~(5) IC 6-5-10 (the bank tax);~~
~~(6) IC 6-5-11 (the savings and loan association tax);~~
~~(7)~~ **(4)** IC 6-5.5 (the financial institutions tax); and
~~(8)~~ **(5)** IC 27-1-18-2 (the 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.

SECTION 121. IC 6-3.1-23-4, AS ADDED BY P.L.109-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

C o p y

JANUARY 1, 2004]: Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under:

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

(2) IC 6-2.5 (the state gross retail and use tax);

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

~~(4) IC 6-3-8 (the supplemental net income tax);~~

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

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

~~(7)~~ **(4)** IC 6-5.5 (the financial institutions tax); and

~~(8)~~ **(5)** IC 27-1-18-2 (the 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.

SECTION 122. IC 6-3.1-23.8-4, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: 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)~~ **(3)** IC 6-5.5 (financial institutions tax); and

~~(5)~~ **(4)** 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.

SECTION 123. IC 6-3.1-23.8-6, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) Except as provided in this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the net ad valorem property taxes paid by the taxpayer in the taxable year on business personal property. ~~with an assessed value equal to the lesser of:~~

~~(1) the assessed value of the person's business personal property; or~~

~~(2) an assessed value of thirty-seven thousand five hundred dollars ($37,500).~~

A taxpayer is entitled to only one (1) credit under this chapter each taxable year.

(b) An affiliated group that files a consolidated return under ~~IC 6-2.1-5-5~~ **IC 6-3-4-14** is entitled to only one (1) credit under this chapter each taxable year on that consolidated return. A taxpayer that is a partnership, joint venture, or pool is entitled to only one (1) credit under this chapter each taxable year, regardless of the number of

C o p y

partners or participants in the organization.

(c) A utility company is not entitled to claim the credit under this chapter.

SECTION 124. IC 6-3.1-23.8-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 6.5. The amount of the credit to which a taxpayer is entitled under section 6 of this chapter equals the amount determined in STEP SIX of the following formula:**

STEP ONE: Determine the assessed value for ad valorem property taxes paid by the taxpayer in the taxable year of the taxpayer's business personal property that is not inventory (as defined in IC 6-1.1-3-11).

STEP TWO: Determine the net ad valorem property taxes paid by the taxpayer in the taxable year on business personal property with an assessed value equal to the lesser of:

(A) the assessed value of the person's business personal property determined under STEP ONE; or

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

STEP THREE: Determine the assessed value for ad valorem property taxes paid by the taxpayer for the taxable year of the taxpayer's business personal property that is inventory (as defined in IC 6-1.1-3-11).

STEP FOUR: Determine the net ad valorem property taxes paid by the taxpayer in the taxable year on inventory (as defined in IC 6-1.1-3-11) with an assessed value equal to the lesser of:

(A) the assessed value of the person's inventory determined under STEP THREE; or

(B) the greater of:

(i) zero (0); or

(ii) the remainder of thirty-seven thousand five hundred dollars ($37,500) minus the STEP ONE result.

STEP FIVE: Determine the greater of:

(A) zero (0); or

(B) fifty percent (50%) of the net ad valorem property taxes paid by the taxpayer in the taxable year on the assessed value of the remainder of the assessed value of the taxpayer's inventory (as defined in IC 6-1.1-3-11) in the taxable year minus the assessed value of the taxpayer's inventory used to compute the STEP FOUR result.

STEP SIX: Determine the sum of the STEP TWO result, the

C o p y

STEP FOUR result, and the STEP FIVE result.

SECTION 125. IC 6-3.1-23.8-7, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. If the amount of the credit determined under section ~~7~~ **6.5** 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.

SECTION 126. IC 6-3.1-24 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 24. Investment Tax Credit

Sec. 1. As used in this chapter, "assessed value" means the assessed value determined under IC 6-1.1-3.

Sec. 2. As used in this chapter, "business personal property" means tangible property (other than real property) that:

(1) was first reported by the taxpayer on a personal property tax return filed for the assessment date of 2002 or a later year;

(2) was never before used by the taxpayer for any purpose in Indiana;

(3) was acquired in a bona fide, good faith transaction, negotiated at arm's length, between parties under separate ownership and control; and

(4) is being held or used in connection with the production of income and is property for which depreciation is allowed for federal income tax purposes, with a useful life of at least three (3) years.

The term does not include inventory (as defined in IC 6-1.1-3-11).

Sec. 3. As used in this chapter, "net ad valorem property taxes" means the amount of property taxes paid by a taxpayer for a particular calendar year after the application of all property tax deductions and property tax credits.

Sec. 4. 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 trust;

(4) a limited liability company; or

(5) a limited liability partnership.

C o p y

Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

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

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

(3) 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. 6. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 7. (a) Except as provided in this chapter, a taxpayer that purchases business personal property is entitled to a credit against the taxpayer's state tax liability for a taxable year for the net ad valorem property taxes on that property paid by the taxpayer by the installment due date under IC 6-1.1-22-9 in the taxable year with respect to the first or second assessment date the property is subject to assessment under IC 6-1.1. The amount of the credit is determined as follows:

(1) For a taxable year in which the property tax is paid with respect to the first assessment date the property is subject to assessment under IC 6-1.1, the credit is equal to fifteen percent (15%) of the net ad valorem property taxes paid on the property in that taxable year.

(2) For a taxable year in which the property tax is paid with respect to the second assessment date the property is subject to assessment under IC 6-1.1, the credit is equal to ten percent (10%) of the net ad valorem property taxes paid on the property in that year.

(b) A taxpayer that receives a credit for a qualified investment under IC 6-3.1-13.5 is not entitled to a credit under this chapter for ad valorem property taxes paid on the property that constitutes the qualified investment.

(c) A taxpayer that receives a credit for ad valorem property taxes under IC 6-3.1-22.2 is not entitled to a credit under this chapter for personal property with respect to which a credit was granted under IC 6-3.1-22.2.

Sec. 8. If the amount of the credit determined under section 7 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the excess shall be refunded to the taxpayer.

Sec. 9. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder

C o p y

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. 10. (a) To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of payment of an ad valorem property tax and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

(b) If the department determines that property taxes for which a credit was granted under this chapter have been reduced, the department shall make an assessment against the taxpayer under IC 6-8.1 equal to the difference between:

(1) the amount of the credit that was granted under this chapter; and

(2) the amount of the credit that would have been granted under this chapter if the property tax reduction had been in effect at the time the credit was granted under this chapter.

SECTION 127. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 25. Headquarters Relocation Tax Credit

Sec. 1. As used in this chapter, "corporate headquarters" means the building or buildings where:

(1) the principal offices of the principal executive officers of an eligible business are located; and

(2) at least two hundred fifty (250) employees are employed.

Sec. 2. As used in this chapter, "eligible business" means a business that:

(1) is engaged in either interstate or intrastate commerce;

(2) maintains a corporate headquarters in a state other than Indiana as of January 1, 2003;

(3) had annual worldwide revenues of at least twenty-five billion dollars ($25,000,000,000) for the year immediately preceding the business's application for a tax credit under section 12 of this chapter; and

(4) is prepared to commit contractually to relocating its corporate headquarters to Indiana.

C o p y

Sec. 3. 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. 4. As used in this chapter, "qualifying project" means the relocation of the corporate headquarters of an eligible business from a location outside Indiana to a location in Indiana.

Sec. 5. As used in this chapter, "relocation costs" means the reasonable and necessary expenses incurred by an eligible business for a qualifying project. The term includes:

(1) moving costs and related expenses;

(2) the purchase of new or replacement equipment;

(3) capital investment costs; and

(4) property assembly and development costs, including:

(A) the purchase, lease, or construction of buildings and land;

(B) infrastructure improvements; and

(C) site development costs.

The term does not include any costs that do not directly result from the relocation of the business to a location in Indiana.

Sec. 6. 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 6-2.5 (state gross retail and use tax);

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

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

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

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

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

(8) IC 27-1-18-2 (the 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. 7. As used in this chapter, "taxpayer" means an individual or entity that has any state tax liability.

Sec. 8. A taxpayer that:

(1) is an eligible business;

(2) completes a qualifying project; and

(3) incurs relocation costs;

is entitled to a credit against the person's state tax liability for the

C o p y

taxable year in which the relocation costs are incurred. The credit allowed under this section is equal to the amount determined under section 9 of this chapter.

Sec. 9. (a) Subject to subsection (b), the amount of the credit to which a taxpayer is entitled under section 8 of this chapter equals the product of:

(1) fifty percent (50%); multiplied by

(2) the amount of the taxpayer's relocation costs in the taxable year.

(b) The credit to which a taxpayer is entitled under section 8 of this chapter may not reduce the taxpayer's state tax liability below the amount of the taxpayer's state tax liability in the taxable year immediately preceding the taxable year in which the taxpayer first incurred relocation costs.

Sec. 10. If a pass through entity is entitled to a credit under section 8 of this chapter but does not have state tax liability against which the tax credit may be applied, a shareholder, partner, or member 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, partner, or member is entitled.

Sec. 11. The total value of a tax credit under this chapter shall be divided equally over ten (10) years, beginning with the year in which the credit is granted. If the amount of credit provided under 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 subsequent 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.

Sec. 12. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer shall submit to the department proof of the taxpayer's relocation costs and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

Sec. 13. In determining whether an expense of the eligible business directly resulted from the relocation of the business, the department shall consider whether the expense would likely have

C o p y

been incurred by the eligible business if the business had not relocated from its original location.

SECTION 128. IC 6-3.5-1.1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. (a) In determining the amount of property tax replacement credits civil taxing units and school corporations of a county are entitled to receive during a calendar year, the state board of tax commissioners shall consider only property taxes imposed on tangible property that was assessed in that county.

(b) If a civil taxing unit or a school corporation is located in more than one (1) county and receives property tax replacement credits from one (1) or more of the counties, then the property tax replacement credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.

(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(d) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its general fund, debt service fund, capital projects fund, transportation fund, **school bus replacement fund,** and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-19. A school corporation shall allocate the property tax replacement credits described in this subsection to all five (5) funds in proportion to the levy for each fund.

SECTION 129. IC 6-3.5-1.1-15, AS AMENDED BY P.L.283-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) As used in this section, "attributed levy" of a civil taxing unit means the sum of:

(1) the ad valorem property tax levy of the civil taxing unit that is currently being collected at the time the allocation is made; plus

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing

C o p y

district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5; plus

(4) in the case of a county, an amount equal to

~~(A) The property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. plus~~

(B) ~~after December 31, 2002, the greater of zero (0) or the difference between:~~

~~(i) the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3; minus~~

~~(ii) the current uninsured parents program property tax levy imposed by the county.~~ **the sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a percentage of the certified shares to be distributed in the county equal to the ratio of its attributed levy to the total attributed levies of all civil taxing units of the county.

(c) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy.

SECTION 130. IC 6-3.5-2-4 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. The following persons are exempt from the employment tax:

(1) the United States;

(2) an agency of the United States;

(3) this state;

(4) an agency of this state;

(5) a political subdivision of this state; and

(6) a taxpayer described in ~~IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, and IC 6-2.1-3-22.~~ **IC 6-2.5-5-21(b)(1).**

However, employees of such persons are not exempt from the employment tax.

SECTION 131. IC 6-3.5-6-17.6, AS AMENDED BY P.L.283-2001, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 17.6. (a) This section applies to a county containing a consolidated city.

(b) On or before July 15 of each year, the budget agency shall make the following calculation:

STEP ONE: Determine the cumulative balance in a county's account established under section 16 of this chapter as of the end of the current calendar year.

STEP TWO: Divide the amount estimated under section 17(b) of this chapter before any adjustments are made under section 17(c) or 17(d) of this chapter by twelve (12).

STEP THREE: Multiply the STEP TWO amount by three (3).

STEP FOUR: Subtract the amount determined in STEP THREE from the amount determined in STEP ONE.

(c) For 1995, the budget agency shall certify the STEP FOUR amount to the county auditor on or before July 15, 1994. Not later than January 31, 1995, the auditor of state shall distribute the STEP FOUR amount to the county auditor to be used to retire outstanding obligations for a qualified economic development tax project (as defined in IC 36-7-27-9).

(d) After 1995, the STEP FOUR amount shall be distributed to the county auditor in January of the ensuing calendar year. The STEP FOUR amount shall be distributed by the county auditor to the civil taxing units within thirty (30) days after the county auditor receives the distribution. Each civil taxing unit's share equals the STEP FOUR amount multiplied by the quotient of:

(1) the maximum permissible property tax levy under IC 6-1.1-18.5 for the civil taxing unit, plus, for a county, an amount equal to

~~(A) the property taxes imposed by the county in 1999 for the county's welfare administration fund; plus~~

C o p y

~~(B) after December 31, 2002, the greater of zero (0) or the difference between:~~

~~(i) the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3; minus~~

~~(ii) the current uninsured parents program property tax levy imposed by the county;~~ **the sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44;** divided by

(2) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all civil taxing units of the county, plus an amount equal to

~~(A)~~ the ~~property taxes imposed by the county in 1999 for the county's welfare administration fund; plus~~

~~(B) after December 31, 2002, the greater of zero (0) or the difference between:~~

~~(i) the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3; minus~~

~~(ii) the current uninsured parents program property tax levy imposed by the county.~~

sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.

SECTION 132. IC 6-3.5-6-18, AS AMENDED BY P.L.283-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

(1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

(4) make payments permitted under IC 36-7-15.1-17.5;

(5) make payments permitted under subsection (i); and

(6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's

C o p y

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

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

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

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

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

(2) A fraction **determined as follows:**

(A) The numerator of the fraction equals the total property taxes that are first due and payable to the civil taxing unit during the calendar year in which the month falls; plus for a county, an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

(B) The denominator of the fraction equals the sum of the total property taxes that are first due and payable to all civil taxing units of the county during the calendar year in which the month falls, plus an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002,~~

C o p y

~~adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

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

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

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

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

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

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

SECTION 133. IC 6-3.5-6-18.5, AS AMENDED BY P.L.283-2001, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 18.5. (a) This section applies to a county

C o p y

containing a consolidated city.

(b) Notwithstanding section 18(e) of this chapter, the distributive shares that each civil taxing unit in a county containing a consolidated city is entitled to receive during a month equals the following:

(1) For the calendar year beginning January 1, 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month multiplied by the following factor:

Center Township	.0251
Decatur Township	.00217
Franklin Township	.0023
Lawrence Township	.01177
Perry Township	.01130
Pike Township	.01865
Warren Township	.01359
Washington Township	.01346
Wayne Township	.01307
Lawrence-City	.00858
Beech Grove	.00845
Southport	.00025
Speedway	.00722
Indianapolis/Marion County	.86409

(2) Notwithstanding subdivision (1), for the calendar year beginning January 1, 1995, the distributive shares for each civil taxing unit in a county containing a consolidated city shall be not less than the following:

Center Township	$1,898,145
Decatur Township	$164,103
Franklin Township	$173,934
Lawrence Township	$890,086
Perry Township	$854,544
Pike Township	$1,410,375
Warren Township	$1,027,721
Washington Township	$1,017,890
Wayne Township	$988,397
Lawrence-City	$648,848
Beech Grove	$639,017
Southport	$18,906
Speedway	$546,000

(3) For each year after 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month as follows:

STEP ONE: Determine the total amount of revenues that were

C o p y

distributed as distributive shares during that month in calendar year 1995.

STEP TWO: Determine the total amount of revenue that the department has certified as distributive shares for that month under section 17 of this chapter for the calendar year.

STEP THREE: Subtract the STEP ONE result from the STEP TWO result.

STEP FOUR: If the STEP THREE result is less than or equal to zero (0), multiply the STEP TWO result by the ratio established under subdivision (1).

STEP FIVE: Determine the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 and IC 6-1.1-18.6 for each civil taxing unit for the calendar year in which the month falls, plus, for a county an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county;~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44;** divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 and IC 6-1.1-18.6 for all civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the

C o p y

STEP ONE amount by the ratio established under subdivision (1).

STEP SEVEN: For each taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the ratio established under subdivision (1). The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 and IC 6-1.1-18.6 for the qualifying civil taxing unit during the calendar year in which the month falls, plus, for a county an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county;~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44;** divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 and IC 6-1.1-18.6 for all qualifying civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

C o p y

SECTION 134. IC 6-3.5-7-12, AS AMENDED BY P.L.283-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 12. (a) Except as provided in section 23 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and section 15 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) For a county, an amount equal to

~~(i)~~ the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; plus (ii) after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the ~~property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund, and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~ **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

(c) This subsection applies to a county council or county income tax

C o p y

council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

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

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

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

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

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

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

(1) The county.

(2) A city or town in the county.

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

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

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

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the state board of tax commissioners shall consider only property taxes imposed on tangible property subject to assessment in that county.

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

C o p y

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

SECTION 135. IC 6-3.5-7-23, AS ADDED BY P.L.124-1999, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 23. (a) This section applies only to a county having a population of at least forty-five thousand (45,000) but not more than forty-seven thousand (47,000).

(b) The county council may by ordinance determine that, in order to promote the development of libraries in the county and thereby encourage economic development, it is necessary to use economic development income tax revenue to replace library property taxes in the county. However, a county council may adopt an ordinance under this subsection only if all territory in the county is included in a library district.

(c) If the county council makes a determination under subsection (b), the county council may designate the county economic development income tax revenue generated by the tax rate adopted under section 5 of this chapter, or revenue generated by a portion of the tax rate, as revenue that will be used to replace public library property taxes imposed by public libraries in the county. The county council may not designate for library property tax replacement purposes any county economic development income tax revenue that is generated by a tax rate of more than fifteen-hundredths percent (0.15%).

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

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

(1) the product of:

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

(B) a fraction described as follows:

(i) The numerator of the fraction equals the sum of the total

C o p y

property taxes that would have been collected by the publIC library during the previous calendar year from taxpayers located within the library district if the property tax replacement under this section had not been in effect.

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

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

The ~~state board of tax commissioners~~ **department of local government finance** shall make any adjustments necessary to account for the expansion of a library district. However, a public library is eligible to receive property tax replacement credits under this section only if it has entered into reciprocal borrowing agreements with all other public libraries in the county. If the total amount of county economic development income tax revenue deposited by the county auditor in the library property tax replacement fund for a calendar year exceeds the total property tax liability that would otherwise be imposed for public libraries in the county for the year, the excess shall remain in the library property tax replacement fund and shall be used for library property tax replacement purposes in the following calendar year.

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

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

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

If for a calendar year a public library is allocated a part of the property tax replacement credits under this subsection, then the amount of property tax credits distributed to other public libraries in the county for the calendar year shall be reduced by the amount to be distributed

C o p y

as property tax replacement credits under this subsection. The ~~state board of tax commissioners~~ **department of local government finance** shall make any adjustments required by this subsection and provide the adjustments to the county auditor.

(g) The ~~state board of tax commissioners~~ **department of local government finance** shall inform the county auditor of the amount of property tax replacement credits that each public library in the county is entitled to receive under this section. The county auditor shall certify to each public library the amount of property tax replacement credits that the public library is entitled to receive during that calendar year. The county auditor shall also certify these amounts to the county treasurer.

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

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

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

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

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

STEP THREE: Divide the STEP ONE amount by the STEP TWO amount.

However, if a public library did not impose a property tax levy during the previous calendar year or did not impose a property tax levy for a particular fund during the previous calendar year, but the public library is imposing a property tax levy in the current calendar year or is imposing a property tax levy for the particular fund in the current calendar year, the ~~state board of tax commissioners~~ **department of local government finance** shall adjust the amount of property tax replacement credits allocated among the various funds of the public library and shall provide the adjustment to the county auditor. If a public library receiving property tax replacement credits under this section does not impose a property tax levy for a particular fund that is first due and payable in a calendar year in which the property tax

C o p y

replacement credits are being distributed, the public library is not required to allocate to that fund a part of the property tax replacement credits to be distributed to the public library.

(i) For each public library that receives property tax credits under this section, the ~~state board of tax commissioners~~ **department of local government finance** shall certify to the county auditor the property tax rate applicable to each fund after the property tax replacement credits are allocated.

(j) A public library shall treat property tax replacement credits received during a particular calendar year under this section as a part of the public library's property tax levy for each fund for that same calendar year for purposes of fixing the public library's budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(k) The property tax replacement credits that are received under this section do not reduce the total county tax levy that is used to compute the state property tax replacement credit under IC 6-1.1-21. For the purpose of computing and distributing certified distributions under IC 6-3.5-1.1 and tax revenue under ~~IC 6-5-10, IC 6-5-11, IC 6-5-12,~~ IC 6-5.5 or IC 6-6-5, the property tax replacement credits that are received under this section shall be treated as though they were property taxes that were due and payable during that same calendar year.".

Page 19, between lines 28 and 29, begin a new paragraph and insert:

"SECTION 111. IC 6-5.5-8-2, AS AMENDED BY P.L.273-1999, SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) On or before February 1, May 1, August 1, and December 1 of each year the auditor of state shall transfer to each county auditor for distribution to the taxing units (as defined in IC 6-1.1-1-21) in the county, an amount equal to one-fourth (1/4) of the sum of the guaranteed amounts for all the taxing units of the county. On or before August 1 of each year the auditor of state shall transfer to each county auditor the supplemental distribution for the county for the year.

(b) For purposes of determining distributions under subsection ~~(b),~~ **(c),** the ~~state board of tax commissioners~~ **department of local government finance** shall determine a ~~state welfare~~ **total levy miscellaneous tax** allocation for each county calculated as ~~follows:~~

~~(1) For 2000 and each year thereafter, the state welfare allocation for each county equals the greater of zero (0) or the amount determined under the following formula:~~

~~STEP ONE: For 1997, 1998, and 1999, determine the result of:~~

~~(A) the amounts appropriated by the county in the year for the~~

C o p y

~~county's county welfare fund and county welfare administration fund; divided by~~

~~(B) the amounts appropriated by all the taxing units in the county in the year;~~

~~STEP TWO: Determine the sum of the results determined in STEP ONE.~~

~~STEP THREE: Divide the STEP TWO result by three (3).~~

~~STEP FOUR: Determine the amount that would otherwise be distributed to all the taxing units in the county under subsection (b) without regard to this subdivision.~~

~~STEP FIVE: Determine the result of:~~

~~(A) the STEP FOUR amount; multiplied by~~

~~(B) the STEP THREE result.~~

~~(2)~~ **provided in IC 6-1.1-44.** The ~~state welfare~~ **total levy miscellaneous tax** allocation shall be deducted from the distributions otherwise payable under subsection ~~(b)~~ **(c)** to the taxing unit that is a county and shall be deposited in a special account within the state general fund.

~~(b)~~ **(c)** A taxing unit's guaranteed distribution for a year is the greater of zero (0) or an amount equal to:

(1) the amount received by the taxing unit under IC 6-5-10 **(repealed)** and IC 6-5-11 **(repealed)** in 1989; minus

(2) the amount to be received by the taxing unit in the year of the distribution, as determined by the ~~state board of tax commissioners,~~ **department of local government finance,** from property taxes attributable to the personal property of banks, exclusive of the property taxes attributable to personal property leased by banks as the lessor where the possession of the personal property is transferred to the lessee; minus

(3) in the case of a taxing unit that is a county, the amount that would have been received by the taxing unit in the year of the distribution, as determined by the ~~state board of tax commissioners,~~ **department of local government finance,** from property taxes that:

(A) were calculated for the county's county welfare fund and county welfare administration fund for 2000 but were not imposed because of the repeal of IC 12-19-3 and IC 12-19-4; and

(B) would have been attributable to the personal property of banks, exclusive of the property taxes attributable to personal property leased by banks as the lessor where the possession of the personal property is transferred to the lessee.

C o p y

~~(c)~~ **(d)** The amount of the supplemental distribution for a county for a year shall be determined using the following formula:

STEP ONE: Determine the greater of zero (0) or the difference between:

(A) one-half (1/2) of the taxes that the department estimates will be paid under this article during the year; minus

(B) the sum of all the guaranteed distributions, before the subtraction of all ~~state welfare~~ **total county levy miscellaneous tax** allocations under subsection (a),

for all taxing units in all counties plus the bank personal property taxes to be received by all taxing units in all counties, as determined under subsection ~~(b)(2)~~ **(c)(2)** for the year.

STEP TWO: Determine the quotient of:

(A) the amount received under IC 6-5-10 **(repealed)** and IC 6-5-11 **(repealed)** in 1989 by all taxing units in the county; divided by

(B) the sum of the amounts received under IC 6-5-10 **(repealed)** and IC 6-5-11 **(repealed)** in 1989 by all taxing units in all counties.

STEP THREE: Determine the product of:

(A) the amount determined in STEP ONE; multiplied by

(B) the amount determined in STEP TWO.

STEP FOUR: Determine the greater of zero (0) or the difference between:

(A) the amount of supplemental distribution determined in STEP THREE for the county; minus

(B) the amount of refunds granted under IC 6-5-10-7 **(repealed)** that have yet to be reimbursed to the state by the county treasurer under IC 6-5-10-13 **(repealed).**

For the supplemental distribution made on or before August 1 of each year, the department shall adjust the amount of each county's supplemental distribution to reflect the actual taxes paid under this article for the preceding year.

~~(d)~~ **(e)** Except as provided in subsection ~~(f),~~ **(g),** the amount of the supplemental distribution for each taxing unit shall be determined using the following formula:

STEP ONE: Determine the quotient of:

(A) the amount received by the taxing unit under IC 6-5-10 and IC 6-5-11 in 1989; divided by

(B) the sum of the amounts used in STEP ONE (A) for all taxing units located in the county.

STEP TWO: Determine the product of:

C o p y

(A) the amount determined in STEP ONE; multiplied by

(B) the supplemental distribution for the county, as determined in subsection (c), STEP FOUR.

~~(e)~~ **(f)** The county auditor shall distribute the guaranteed and supplemental distributions received under subsection (a) to the taxing units in the county at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units.

~~(f)~~ **(g)** The amount of a supplemental distribution paid to a taxing unit that is a county shall be reduced by an amount equal to:

(1) the amount the county would receive under subsection (d) without regard to this subsection; minus

(2) an amount equal to:

(A) the amount under subdivision (1); multiplied by

(B) the ~~result of the following:~~

~~(I)~~ **(i)** ~~Determine the amounts appropriated by the county in 1997, 1998, and 1999, from the county's county welfare fund and county welfare administration fund,~~

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

SECTION 136. IC 6-5.5-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. If the tax imposed by this article is held inapplicable or invalid with respect to a taxpayer, then notwithstanding the statute of limitations set forth in IC 6-8.1-5-2(a), the taxpayer is liable for the taxes imposed by ~~IC 6-2.1~~ IC 6-3 ~~and IC 6-5~~ for the taxable periods with respect to which the tax under this article is held inapplicable or invalid. ~~In addition, personal property is exempt from assessment and property taxation under IC 6-1.1 if:~~

~~(1) the personal property is owned by a financial institution;~~

~~(2) the financial institution is subject to the bank tax imposed under IC 6-5-10; and~~

~~(3) the property is not leased by the financial institution to a lessee under circumstances in which possession is transferred to the lessee.~~

SECTION 137. IC 6-5.5-9-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) A taxpayer who is subject to taxation under this article for a taxable year or part of a taxable year is not, for that taxable year or part of a taxable year, subject to

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

C o p y

~~(2)~~ the income taxes imposed by IC 6-3. ~~and~~

~~(3) the bank, savings and loan, or production credit association tax imposed by IC 6-5.~~

(b) The ~~exemptions~~ **exemption** provided for the taxes listed in subsection ~~(a)(1) through (a)(2) do~~ **(a) does** not apply to a taxpayer to the extent the taxpayer is acting in a fiduciary capacity.

SECTION 138. IC 6-6-1.1-1204 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1204. (a) No city, town, county, township, or other subdivision or municipal corporation of the state may levy or collect:

(1) an excise tax on or measured by the sale, receipt, distribution, or use of gasoline; or

(2) an excise, privilege, or occupational tax on the business of manufacturing, selling, or distributing gasoline.

(b) The provisions of subsection (a) may not be construed as to relieve a distributor or dealer from payment of ~~the~~ **a** state ~~gross income~~ tax or state store license.

SECTION 139. IC 6-6-5-10, AS AMENDED BY P.L.283-2001, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. (a) The bureau shall establish procedures necessary for the collection of the tax imposed by this chapter and for the proper accounting for the same. The necessary forms and records shall be subject to approval by the state board of accounts.

(b) The county treasurer, upon receiving the excise tax collections, shall receipt such collections into a separate account for settlement thereof at the same time as property taxes are accounted for and settled in June and December of each year, with the right and duty of the treasurer and auditor to make advances prior to the time of final settlement of such property taxes in the same manner as provided in IC 5-13-6-3.

(c) **Except as provided in subsection (d),** the county auditor shall determine the total amount of excise taxes collected for each taxing unit in the county and the amount so collected (and the distributions received under section 9.5 of this chapter) shall be apportioned and distributed among the respective funds of each taxing unit in the same manner and at the same time as property taxes are apportioned and distributed.

(d) ~~However, after December 31, 2002, an amount equal to the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured~~

C o p y

~~parents program property tax levy imposed by the county, shall be treated as property taxes apportioned to the county unit.~~ However, for purposes of determining distributions under this section for ~~2000~~ **2003** and each year thereafter, ~~the state welfare allocation for each county equals the greater of zero (0) or the amount determined under STEP FIVE of the following STEPS:~~

~~STEP ONE: For:~~

~~1997, 1998, and 1999, determine the result of:~~

~~(i) the amounts appropriated by the county in the year from the county's county welfare fund and county welfare administration fund; divided by~~

~~(ii) the total amounts appropriated by all the taxing units in the county in the year.~~

~~STEP TWO: Determine the sum of the results determined in STEP ONE.~~

~~STEP THREE: Divide the STEP TWO result by three (3).~~

~~STEP FOUR: Determine the amount that would otherwise be distributed to all the taxing units in the county under this subsection without regard to this subdivision.~~

~~STEP FIVE: Determine the result of:~~

~~(i) the STEP FOUR amount; multiplied by~~

~~(ii) the STEP THREE result.~~

~~The state welfare~~ **a total levy miscellaneous tax** allocation **as determined under IC 6-1.1-44** 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 ~~state welfare~~ **total levy miscellaneous tax** allocation to the treasurer of state for deposit in a special account within the state general fund.

(d) Such determination shall be made from copies of vehicle registration forms furnished by the bureau of motor vehicles. Prior to such determination, the county assessor of each county shall, from copies of registration forms, cause information pertaining to legal residence of persons owning taxable vehicles to be verified from the assessor's records, to the extent such verification can be so made. The assessor shall further identify and verify from the assessor's records the several taxing units within which such persons reside.

(e) Such verifications shall be done by not later than thirty (30) days after receipt of vehicle registration forms by the county assessor, and the assessor shall certify such information to the county auditor for the auditor's use as soon as it is checked and completed.

SECTION 140. IC 6-6-5.5-20, AS ADDED BY P.L.181-1999,

C o p y

SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 20. (a) On or before May 1, the auditor of state shall distribute to each county auditor an amount equal to fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(b) On or before December 1, the auditor of state shall distribute to each county auditor an amount equal to the greater of the following:

(1) Fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(2) The product of the county's distribution percentage multiplied by the total commercial vehicle excise tax revenue deposited in the commercial vehicle excise tax fund.

(c) Upon receipt, the county auditor shall distribute to the taxing units an amount equal to the product of the taxing unit's distribution percentage multiplied by the total distributed to the county under this section. The amount determined shall be apportioned and distributed among the respective funds of each taxing unit in the same manner and at the same time as property taxes are apportioned and distributed. **However, for purposes of determining distributions under this section for 2003 and each year thereafter, a total levy miscellaneous tax allocation as determined under IC 6-1.1-44 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.** (d) In the event that sufficient funds are not available in the commercial vehicle excise tax fund for the distributions required by subsection (a) and subsection (b)(1), the auditor of state shall transfer funds from the commercial vehicle excise tax reserve fund.

(e) The auditor of state shall, not later than July 1 of each year, furnish to each county auditor an estimate of the amounts to be distributed to the counties under this section during the next calendar year. Before August 1, each county auditor shall furnish to the proper officer of each taxing unit of the county an estimate of the amounts to be distributed to the taxing units under this section during the next calendar year and the budget of each taxing unit shall show the estimated amounts to be received for each fund for which a property tax is proposed to be levied.

SECTION 141. IC 6-6-6.5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 21. (a) The department shall allocate each aircraft excise tax payment collected by

C o p y

it to the county in which the aircraft is usually located when not in operation or to the aircraft owner's county of residence if based out of state. The department shall distribute to each county treasurer on a quarterly basis the aircraft excise taxes which were collected by the department during the preceding three (3) months and which the department has allocated to that county. The distribution shall be made on or before the fifteenth of the month following each quarter and the first distribution each year shall be made in April.

(b) Concurrently with making a distribution of aircraft excise taxes, the department shall send an aircraft excise tax report to the county treasurer and the county auditor. The department shall prepare the report on the form prescribed by the state board of accounts. The aircraft excise tax report must include aircraft identification, owner information, and excise tax payment, and must indicate the county where the aircraft is normally kept when not in operation. The department shall, in the manner prescribed by the state board of accounts, maintain records concerning the aircraft excise taxes received and distributed by it.

(c) Except as provided in section 21.5 of this chapter, each county treasurer shall deposit money received by him under this chapter in a separate fund to be known as the "aircraft excise tax fund". The money in the aircraft excise tax fund shall be distributed to the taxing units of the county in the manner prescribed in subsection (d).

(d) In order to distribute the money in the county aircraft excise tax fund to the taxing units of the county, the county auditor shall first allocate the money in the fund among the taxing districts of the county. In making these allocations, the county auditor shall allocate to a taxing district the excise taxes collected with respect to aircraft usually located in the taxing district when not in operation. The money allocated to a taxing district shall be apportioned and distributed among the taxing units of that taxing district in the same manner and at the same time that the property taxes are apportioned and distributed. **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.**

(e) Within thirty (30) days following the receipt of excise taxes from the department, the county treasurer shall file a report with the county

C o p y

auditor concerning the aircraft excise taxes collected by the county treasurer. The county treasurer shall file the report on the form prescribed by the state board of accounts. The county treasurer shall, in the manner and at the times prescribed in IC 6-1.1-27, make a settlement with the county auditor for the aircraft excise taxes collected by the county treasurer. The county treasurer shall, in the manner prescribed by the state board of accounts, maintain records concerning the aircraft excise taxes received and distributed by him.

SECTION 142. IC 6-6-9-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. (a) All revenues collected from the auto rental excise tax shall be deposited in a special account of the state general fund called the auto rental excise tax account.

(b) On or before May 20 and November 20 of each year, all amounts held in the auto rental excise tax account shall be distributed to the county treasurers of Indiana.

(c) The amount to be distributed to a county treasurer equals that part of the total auto rental excise taxes being distributed that were initially imposed and collected from within that treasurer's county. The department shall notify each county auditor of the amount of taxes to be distributed to the county treasurer. At the same time each distribution is made to a county treasurer, the department shall certify to the county auditor each taxing district within the county where auto rental excise taxes were collected and the amount of the county distribution that was collected with respect to each taxing district.

(d) The county treasurer shall deposit auto rental excise tax collections into a separate account for settlement at the same time as property taxes are accounted for and settled in June and December of each year.

(e) **Except as provided in subsection (f),** the county auditor shall apportion and the county treasurer shall distribute the auto rental excise taxes among the taxing units of the county in the same manner that property taxes are apportioned and distributed with respect to property located in the taxing district where the auto rental excise tax was initially imposed and collected. The auto rental excise taxes distributed to a taxing unit shall be allocated among the taxing unit's funds in the same proportions that the taxing unit's property tax collections are allocated among those funds.

(f) 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

C o p y

remit the total levy miscellaneous tax allocation to the treasurer of state for deposit in a special account within the state general fund.

(g) Taxing units of a county may request and receive advances of auto rental excise tax revenues in the manner provided under IC 5-13-6-3.

~~(g)~~ **(h)** All distributions from the auto rental excise tax account shall be made by warrants issued by the auditor of state to the treasurer of state ordering those payments to the appropriate county treasurer.

SECTION 143. IC 6-6-11-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 31. (a) A boat excise tax fund is established in each county. Each county treasurer shall deposit in the fund the taxes received under this chapter.

(b) The excise tax money in the county boat excise tax fund shall be distributed to the taxing units of the county. The county auditor shall allocate the money in the fund among the taxing units of the county based on the tax situs of each boat. **Except as provided in subsection (c),** the money allocated to the taxing units shall be apportioned and distributed among the funds of the taxing units in the same manner and at the same time that property taxes are apportioned and distributed.

(c) 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 18, line 11, after "2001," insert "**and before January 1, 2004, add an amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes on property levied by a state or subdivision of a state of the United States.**".

Page 18, delete lines 12 through 16.

Page 19, line 36, delete "three thousand two hundred" and insert "**two and seventy-five hundredths of a cent ($0.0275)**".

Page 19, line 37, delete "seventy-five ten-thousandths of a cent ($0.003275)".

Page 19, line 41, delete "forty-three thousand five hundred twenty-six" and insert "**three and six thousand five hundred forty-eight ten-thousandths of a cent ($0.036548)**".

Page 19, line 42, delete "hundred-thousandths of a cent ($0.0043526)".

C o p y

Page 20, line 28, after "one" insert "**and two-tenths**".

Page 20, line 28, delete "(1%)" and insert "**(1.2%)**".

Page 21, line 4, delete "Eighty-six and forty-four" and insert "**Six and fifty-seven hundredths percent (6.57%)**".

Page 21, line 5, delete "hundredths percent (86.44%)".

Page 21, line 7, delete "Eight-tenths percent (0.8%)" and insert "**Ninety-four hundredths percent (0.94%)**".

Page 21, line 10, delete "Five and fifty-eight hundredths" and insert "**Eighty-four and five-hundredths percent (84.05%)**".

Page 21, line 11, delete "percent (5.58%)".

Page 21, line 13, delete "Seven and eighteen hundredths" and insert "**Eight and forty-four hundredths percent (8.44%)**".

Page 21, line 14, delete "percent (7.18%)".

Page 22, between lines 2 and 3, begin a new paragraph and insert:

"SECTION 45. IC 6-8.1-1-1, AS AMENDED BY P.L.151-2001, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the gross income tax (IC 6-2.1); **the franchise tax (IC 6-2.2);** the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) **(repealed)** ; the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); ~~the bank tax (IC 6-5-10); the savings and loan association tax (IC 6-5-11); the production credit association tax (IC 6-5-12);~~ the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various county food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC

C o p y

9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 144. IC 6-8.1-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. "Income tax" includes the gross income tax (IC 6-2.1), the adjusted gross income tax (IC 6-3), ~~the supplemental net income tax (IC 6-3-8),~~ the county adjusted gross income tax (IC 6-3.5-1.1), and the county option income tax (IC 6-3.5-6).

SECTION 145. IC 6-8.1-4-1.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1.6. Subject to the discretion of the commissioner as set forth in section 1 of this chapter, the commissioner shall establish within the department a special tax division. The division shall do the following:

(1) Administer and enforce the following:

~~(A) Bank tax (IC 6-5-10).~~

~~(B) Savings and loan association tax (IC 6-5-11).~~

~~(C) Production credit association tax (IC 6-5-12).~~

~~(D)~~ **(A)** Gasoline tax (IC 6-6-1.1).

~~(E)~~ **(B)** Special fuel tax (IC 6-6-2.5).

~~(F)~~ **(C)** Motor carrier fuel tax (IC 6-6-4.1).

~~(G)~~ **(D)** Hazardous waste disposal tax (IC 6-6-6.6).

~~(H)~~ **(E)** Cigarette tax (IC 6-7-1).

~~(I)~~ **(F)** Tobacco products tax (IC 6-7-2).

~~(J)~~ **(G)** Alcoholic beverage tax (IC 7.1-4).

~~(K)~~ **(H)** Petroleum severance tax (IC 6-8-1).

~~(L)~~ **(I)** Any other tax the commissioner designates.

(2) Upon the commissioner's request, conduct studies of the department's operations and recommend whatever changes seem advisable.

(3) Annually audit a statistical sampling of the returns filed for the taxes administered by the division.

(4) Annually audit a statistical sampling of registrants with the bureau of motor vehicles, international registration plan division.

(5) Review federal tax returns and other data that may be helpful in performing the division's function.

(6) Furnish, at the commissioner's request, information that the commissioner requires.

(7) Conduct audits requested by the commissioner or the commissioner's designee.

(8) Administer the statutes providing for motor carrier regulation (IC 8-2.1).

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SECTION 146. IC 6-8.1-5-2, AS AMENDED BY P.L.181-1999, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Except as otherwise provided in this section, the department may not issue a proposed assessment under section 1 of this chapter more than three (3) years after the latest of the date the return is filed, or any of the following:

(1) the due date of the return; or

(2) in the case of a return filed for the state gross retail or use tax, the gasoline tax, the special fuel tax, the motor carrier fuel tax, the oil inspection fee, or the petroleum severance tax, the end of the calendar year which contains the taxable period for which the return is filed.

(b) If a person files an adjusted gross income tax (IC 6-3), supplemental net income tax (IC 6-3-8) **(repealed),** county adjusted gross income tax (IC 6-3.5-1.1), county option income tax (IC 6-3.5-6), or financial institutions tax (IC 6-5.5) return that understates the person's income, as that term is defined in the particular income tax law, by at least twenty-five percent (25%), the proposed assessment limitation is six (6) years instead of the three (3) years provided in subsection (a).

(c) In the case of the motor vehicle excise tax (IC 6-6-5), the tax shall be assessed as provided in IC 6-6-5-5 and IC 6-6-5-6 and shall include the penalties and interest due on all listed taxes not paid by the due date. A person that fails to properly register a vehicle as required by IC 9-18 and pay the tax due under IC 6-6-5 is considered to have failed to file a return for purposes of this article.

(d) In the case of the commercial vehicle excise tax imposed under IC 6-6-5.5, the tax shall be assessed as provided in IC 6-6-5.5 and shall include the penalties and interest due on all listed taxes not paid by the due date. A person that fails to properly register a commercial vehicle as required by IC 9-18 and pay the tax due under IC 6-6-5.5 is considered to have failed to file a return for purposes of this article.

(e) If a person files a fraudulent, unsigned, or substantially blank return, or if a person does not file a return, there is no time limit within which the department must issue its proposed assessment.

(f) If, before the end of the time within which the department may make an assessment, the department and the person agree to extend that assessment time period, the period may be extended according to the terms of a written agreement signed by both the department and the person. The agreement must contain:

(1) the date to which the extension is made; and

(2) a statement that the person agrees to preserve the person's

C o p y

records until the extension terminates.

The department and a person may agree to more than one (1) extension under this subsection.

(g) If a taxpayer's federal income tax liability for a taxable year is modified due to the assessment of a federal deficiency or the filing of an amended federal income tax return, then the date by which the department must issue a proposed assessment under section 1 of this chapter for tax imposed under IC 6-3 is extended to six (6) months after the date on which the notice of modification is filed with the department by the taxpayer.

SECTION 147. IC 8-1-2.8-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 24. If the InTRAC meets the requirements of sections 18 and 21 of this chapter, the InTRAC:

(1) for purposes of all taxes imposed by the state or any county or municipality in Indiana is an organization that is organized and operated exclusively for charitable purposes; and

(2) qualifies for all exemptions applicable to those organizations, including but not limited to those exemptions set forth in ~~IC 6-2.1-3-20~~ **IC 6-2.5-5-21(b)(1)(B)** and IC 6-1.1-10-16.

SECTION 148. IC 8-3-1.7-2, AS AMENDED BY P.L.121-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) There is created a fund known as the industrial rail service fund. The fund shall consist of money distributed to the fund by ~~IC 6-2.5-10-1 and~~ IC 8-3-1.5-20 **and amounts transferred from the motor vehicle highway account under IC 8-14-1-3.** Amounts held in the fund may only be used to do the following:

(1) Provide loans to railroads that will be used to purchase or rehabilitate real or personal property that will be used by the railroad in providing railroad transportation services.

(2) Pay operating expenses of the Indiana department of transportation, subject to appropriation by the general assembly.

(3) Provide fifty thousand dollars ($50,000) annually to the Indiana department of transportation for rail planning activities. Money distributed under this subdivision does not revert back to the state general fund at the end of a state fiscal year.

(4) Provide money for the high speed rail development fund under IC 8-23-25.

(5) Provide grants to a railroad owned or operated by a port authority established under IC 8-10-5.

(6) Make grants to a Class II or a Class III railroad for the

C o p y

rehabilitation of railroad infrastructure or railroad construction.

(b) A grant made under subsection (a)(5) may not exceed twenty percent (20%) of the ~~gross sales and use tax receipts deposited in the fund under IC 6-2.5-10-1~~ **amount transferred to the fund from the motor vehicle highway account** during the fiscal year preceding the fiscal year in which the grant is made.

(c) A grant program under subsection (a)(6) must:

(1) provide a grant to a recipient of not more than seventy-five percent (75%) of the cost of the project; and

(2) require a grant recipient to pay for not more than twenty-five percent (25%) of the cost of a project.

SECTION 149. IC 8-14-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. The money collected for the motor vehicle highway account fund and remaining after refunds and the payment of all expenses incurred in the collection thereof, and after the deduction of the amount appropriated to the department for traffic safety and after the deduction of ~~one-half (1/2) of~~ the **total** amount appropriated for the state police department, shall be allocated to and distributed among the department and subdivisions designated as follows:

(1) Of the net amount in the motor vehicle highway account the auditor of state shall set aside for the cities and towns of the state fifteen percent (15%) thereof. This sum shall be allocated to the cities and towns upon the basis that the population of each city and town bears to the total population of all the cities and towns and shall be used for the construction or reconstruction and maintenance of streets and alleys and shall be annually budgeted as now provided by law. However, no part of ~~such~~ **the** sum ~~shall~~ **may** be used for any other purpose than for the purposes defined in this chapter. If ~~any~~ funds allocated to ~~any~~ **a** city or town ~~shall be~~ **are** used by ~~any~~ **an** officer or officers of ~~such~~ **the** city or town for any purpose or purposes other than for the purposes as defined in this chapter, ~~such~~ **the** officer or officers shall be liable upon their official bonds to ~~such~~ **the** city or town in ~~such~~ **the** amount so used for other purposes than for the purposes as defined in this chapter, together with the costs of ~~said~~ **the** action and reasonable attorney fees, recoverable in an action or suit instituted in the name of the state of Indiana on the relation of any taxpayer or taxpayers resident of such city or town. A monthly distribution thereof of funds accumulated during the preceding month shall be made by the auditor of state.

(2) Of the net amount in the motor vehicle highway account, the

C o p y

auditor of state shall set aside for the counties of the state thirty-two percent (32%) thereof. However, as to the allocation to cities and towns under subdivision (1), and as to the allocation to counties under this subdivision in the event that the amount in the motor vehicle highway account ~~fund~~ remaining after refunds and the payment of all expenses incurred in the collection thereof and after deduction of any amount appropriated by the general assembly for public safety and policing shall be less than twenty-two million six hundred and fifty thousand dollars ($22,650,000), in any fiscal year then the amount so set aside in the next calendar year for distributions to counties shall be reduced fifty-four percent (54%) of ~~such~~ **the** deficit and the amount so set aside for distribution in the next calendar year to cities and towns shall be reduced thirteen percent (13%) of ~~such~~ **the** deficit. ~~Such~~ reduced distributions shall begin with the distribution January 1 of each year.

(3) The amount set aside for the counties of the state under the provisions of subdivision (2) shall be allocated monthly upon the following basis:

(A) Five percent (5%) of the amount allocated to the counties to be divided equally among the ninety-two (92) counties.

(B) Sixty-five percent (65%) of the amount allocated to the counties to be divided on the basis of the ratio of the actual miles, now traveled and in use, of county roads in each county to the total mileage of county roads in the state, which shall be annually determined, accurately, by the department.

(C) Thirty percent (30%) of the amount allocated to the counties to be divided on the basis of the ratio of the motor vehicle registrations of each county to the total motor vehicle registration of the state.

All money so distributed to the several counties of the state shall constitute a special road fund for each of the respective counties and shall be under the exclusive supervision and direction of the board of county commissioners in the construction, reconstruction, maintenance, or repair of the county highways or bridges on ~~such~~ **the** county highways within ~~such~~ **the** county.

(4) **Each month, after making allocations to the department of traffic safety, to the state police department, and under subdivisions (1) through (3), an amount equal to the total collections for all state gross retail and use taxes under IC 6-2.5 in the immediately preceding month multiplied by six hundred thirty-three thousandths of one percent (0.633%)**

C o p y

shall be distributed to the public mass transportation fund established by IC 8-23-3-8.

(5) Each month, after making allocations to the department of traffic safety, to the state police department, and under subdivisions (1) through (4), an amount equal to the total collections for all state gross retail and use taxes under IC 6-2.5 in the immediately preceding month multiplied by thirty-three thousandths of one percent (0.033%) shall be distributed to the industrial rail service fund established under IC 8-3-1.7-2.

(6) Each month, after making allocations to the department of traffic safety, to the state police department, and under subdivisions (1) through (5), an amount equal to the total collections for all state gross retail and use taxes under IC 6-2.5 in the immediately preceding month multiplied by one hundred forty-two thousandths of one percent (0.142%) shall be distributed to the commuter rail service fund established under IC 8-3-1.5-20.5.

(7) Each month the remainder of the net amount in the motor vehicle highway account shall be credited to the state highway fund for the use of the department.

~~(5)~~ **(8)** Money in the fund may not be used for any toll road or toll bridge project.

~~(6)~~ **(9)** Notwithstanding any other provisions of this section, money in the motor vehicle highway account fund may be appropriated to the Indiana department of transportation from the forty-seven percent (47%) distributed to the political subdivisions of the state to pay the costs incurred by the department in providing services to those subdivisions.

~~(7)~~ **(10)** Notwithstanding any other provisions of this section, **other than subdivisions (4) through (6),** or of IC 8-14-8, for the purpose of maintaining a sufficient working balance in accounts established primarily to facilitate the matching of federal and local money for highway projects, money may be appropriated to the Indiana department of transportation as follows:

(A) One-half (1/2) from the forty-seven percent (47%) set aside under subdivisions (1) and (2) for counties and for those cities and towns with a population greater than five thousand (5,000).

(B) One-half (1/2) from the distressed road fund under IC 8-14-8.

SECTION 150. IC 8-14-1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. (a) The department

C o p y

may create a local agency revolving fund from money appropriated under section ~~3(7)~~ **3(8)** of this chapter for the purpose of maintaining a sufficient working balance in accounts established primarily to facilitate the matching of federal and local money for highway projects.

(b) The revolving fund balance must be maintained through reimbursement from a local unit for money used by that unit to match federal funds.

(c) If the local unit fails to reimburse the revolving fund, the department shall notify the local unit that the department has found the outstanding accounts receivable to be uncollectible.

(d) The attorney general shall review the outstanding accounts receivable and if the attorney general agrees with the department's assessment of the account's status, the attorney general shall certify to the auditor of state that the outstanding accounts receivable is uncollectible and request a transfer of funds as provided in subsection (e).

(e) Upon receipt of a certificate as specified in subsection (d), the auditor of state shall:

(1) immediately notify the delinquent local unit of the claim; and

(2) if proof of payment is not furnished to the auditor of state within thirty (30) days after the notification, transfer an amount equal to the outstanding accounts receivable to the department from the delinquent local unit's allocations from the motor vehicle highway account for deposit in the local agency revolving fund.

(f) Transfers shall be made under subsection (e) until the unpaid amount has been paid in full under the terms of the agreement. However, the agreement may be amended if both the department and the unit agree to amortize the transfer over a period not to exceed five (5) years.

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

SECTION 151. IC 8-22-2-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 18. (a) Subject to the approval of the fiscal body of the eligible entity, the board may contract with any person for construction, extensions, additions, or improvements of an aircraft hangar or revenue producing building or facility located or to be located on the airport of the entity, the cost of which is to be paid in the manner authorized by this section.

(b) A contract made under this section must be authorized by ordinance providing that the principal and interest of bonds issued for the payment of the cost of the construction, extensions, additions, or improvements shall be paid exclusively from the revenues and receipts

C o p y

of the aircraft hangars or revenue producing buildings or facilities, unless otherwise provided by this section.

(c) The fiscal body must, by ordinance, set aside the income and revenues of the buildings or facilities into a separate fund, to be used in the maintenance and operation and in payment of the cost of the construction, extensions, additions, or improvements. The ordinance must fix:

(1) the proportion of the revenues of the buildings or facilities that is necessary for the reasonable and proper operation and maintenance of them; and

(2) the proportion of the revenues that are to be set aside and applied to the payment of the principal and interest of bonds.

The ordinance may provide for the proportion of the revenues that are to be set aside as an adequate depreciation account.

(d) Whenever the board determines that there exists a surplus in funds derived from the net operating receipts of a municipal airport, then the board may recommend to the fiscal body that a designated amount of the surplus fund be appropriated by special or general appropriation to the "aviation revenue bond account" for the relief of principal or interest of bonds issued under this section. However, this surplus in funds may not include monies raised by taxation.

(e) The fiscal body may issue and sell bonds to provide for the payment of costs of the following:

(1) Airport capital improvements, including the acquisition of real property.

(2) Construction or improvement of revenue producing buildings or facilities owned and operated by the eligible entity.

(3) Payment of any loan contract.

The fiscal body may issue and sell bonds bearing interest, payable annually or semiannually, executed in the manner and payable at the times not exceeding forty (40) years from the date of issue and at the places as the fiscal body of the entity determines, which bonds are payable only out of the "aviation revenue bond account" fund. The bonds have in the hands of bona fide holders all the qualities of negotiable instruments under law.

(f) In case any of the officers whose signatures or countersignatures appear on the bonds or the coupons ceases to be the officer before the delivery of the bonds to the purchaser, the signature or countersignatures are nevertheless valid and sufficient for all purposes, the same as if he had remained in office until the delivery of the bonds. The bonds and their interest issued against an "aviation revenue bond account" fund and the fixed proportion or amount of the revenues

C o p y

pledged to the fund does not constitute an indebtedness of the entity under the Constitution of Indiana.

(g) Each bond must state plainly upon its face that it is payable only from the special fund, naming the fund and the ordinance creating it, and that it does not constitute an indebtedness of the entity under the Constitution of Indiana. The bonds may be issued either as registered bonds or as bonds payable to bearer. Coupons and bearer bonds may be registered as to principal in the holder's name on the books of the entity, the registration being noted on the bond by the clerk or other designated officer, after which no transfer is valid unless made on the books of the entity by the registered holder and similarly noted on the bonds. Bonds so registered as to principal may be discharged from the registration by being transferred to bearer, after which it is transferable by delivery but may be registered again as to principal. The registration of the bonds as to the principal does not restrain the negotiability of the coupon by delivery, but the coupons may be surrendered and the interest made payable only to the registered holder of the bonds. If the coupons are surrendered, the surrender and cancellation of them shall be noted on the bond and then interest on the bond is payable to the registered holder or order in cash or at his option by check or draft payable at the place or one (1) of the places where the coupons are payable.

(h) The bonds shall be sold in a manner and upon terms that the fiscal body considers in the best interest of the entity.

(i) All bonds issued by an eligible entity under this section are exempt from taxation for all purposes, except that the interest is subject to **adjusted** gross income tax.

(j) In fixing the proportion of the revenues of the building or facility required for operation and maintenance, the fiscal body shall consider the cost of operation and maintenance of the building or facility and may not set aside into the special fund a greater amount or proportion of the revenues and proceeds than are required for the operation and maintenance. The sums set aside for operation and maintenance shall be used exclusively for that purpose, until the accumulation of a surplus results.

(k) The proportion set aside to the depreciation fund, if a depreciation account or fund is provided for under this section, shall be expended in remedying depreciation in the building or facility or in new construction, extensions, additions, or improvements to the property. Accumulations of the depreciation fund may be invested, and the income from the investment goes into the depreciation fund. The fund, and the proceeds of it, may not be used for any other purpose.

C o p y

(l) The fixed proportion that is set aside for the payment of the principal and interest of the bonds shall, from month to month, as it is accrued and received, be set apart and paid into a special account in the treasury of the eligible entity, to be identified "aviation revenue bond account," the title of the account to be specified by ordinance. In fixing the amount or proportion to be set aside for the payment of the principal and interest of the bonds, the fiscal body may provide that the amount to be set aside and paid into the aviation revenue bond account for any year or years may not exceed a fixed sum, which sum must be at least sufficient to provide for the payment of the interest and principal of the bonds maturing and becoming payable in each year, together with a surplus or margin of ten percent (10%).

(m) If a surplus is accumulated in the operating and maintenance fund that is equal to the cost of maintaining and operating the building or facility for the twelve (12) following calendar months, the excess over the surplus may be transferred by the fiscal body to either the depreciation account to be used for improvements, extensions, or additions to property or to the aviation revenue bond account fund, as the fiscal body designates.

(n) If a surplus is created in the aviation revenue bond account in excess of the interest and principal of bonds, plus ten percent (10%), becoming payable during the calendar, operating, or fiscal year then current, together with the amount of interest or principal of bonds becoming due and payable during the next calendar, operating, or fiscal year, the fiscal body may transfer the excess over the surplus to either the operating and maintenance account, or to the depreciation account, as the fiscal body designates.

(o) All money received from bonds issued under this section shall be applied solely for the purposes listed in subsection (e). There is created a statutory mortgage lien upon buildings or facilities for which bonds are issued in favor of the holders of the bonds and of the coupons of the bonds. The buildings or facilities so constructed, extended, or improved remain subject to the statutory mortgage lien until payment in full of the principal and interest of the bonds.

(p) A holder of the bonds or of the attached coupons may enforce the statutory mortgage lien conferred by this section, and may enforce performance of all duties required by this section of the eligible entity issuing the bond or of any officer of the entity, including:

(1) the making and collecting of reasonable and sufficient rates or rentals for the use or lease of the buildings or facilities, or part of them established for the rent, lease, or use of the buildings or facilities;

C o p y

(2) the segregation of the revenues from the buildings or facilities; and

(3) the application of the respective funds created by this section.

(q) If there is a default in the payment of the principal or interest of any of the bonds, a court having jurisdiction of the action may appoint an administrator or receiver to administer, manage, or operate the buildings or facilities on behalf of the entity, and the bondholders, with power to:

(1) charge and collect rates or rentals for the use or lease of the buildings or facilities sufficient to provide for the payment of the operating expenses;

(2) pay any bonds or obligations outstanding against the buildings or facilities; and

(3) apply the income and revenues thereof in accord with this section and the ordinance.

SECTION 152. IC 8-22-3.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. (a) Except in a county described in section 1(5) of this chapter, if the commission adopts the provisions of this section by resolution, each taxpayer in the airport development zone is entitled to an additional credit for property taxes that, under IC 6-1.1-22-9, are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the airport development zone:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) (as defined in IC 6-1.1-21-2) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~twenty~~ **ten** percent ~~(20%)~~ **(10%)** of the 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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to the special funds under section 9 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the special funds under section 9 of this chapter.

C o p y

(b) The additional credit under subsection (a) shall be:

(1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of an airport development zone; and

(2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in an airport development zone who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies shall be stated on the notice.

SECTION 153. IC 8-22-3.5-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) As used in this section, "state income tax liability" means a 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); **or**

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

~~(4)~~ **(3)** any other tax imposed by this state and based on or measured by either gross income or net income.

(b) The attraction of qualified airport development projects to a consolidated city within Indiana is a governmental function of general public benefit for all the citizens of Indiana.

(c) As an incentive to attract qualified airport development projects to Indiana, for a period of thirty-five (35) years, beginning January 1, 1991, persons that locate and operate a qualified airport development project in an airport development zone in a consolidated city shall not incur, notwithstanding any other law, any state income tax liability as a result of:

(1) activities associated with locating the qualified airport development project in the consolidated city;

(2) the construction or completion of the qualified airport development project;

(3) the employment of personnel or the ownership or rental of property at or in conjunction with the qualified airport development project; or

(4) the operation of, or the activities at or in connection with, the qualified airport development project.

(d) The department of state revenue shall adopt rules under IC 4-22-2 to implement this section.

C o p y

SECTION 154. IC 8-23-9-54 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 54. (a) To provide funds for carrying out the provisions of this chapter, there is created a state highway fund from the following sources:

(1) All money in the general fund to the credit of the state highway account.

(2) All money that is received from the Department of Transportation or other federal agency and known as federal aid.

(3) All money paid into the state treasury to reimburse the state for money paid out of the state highway fund.

(4) All money provided by Indiana law for the construction, maintenance, reconstruction, repair, and control of public highways, as provided under this chapter.

(5) All money that on May 22, 1933, was to be paid into the state highway fund under contemplation of any statute in force as of May 22, 1933.

(6) All money that may at any time be appropriated from the state treasury.

(7) Any part of the state highway fund unexpended at the expiration of any fiscal year, which shall remain in the fund and be available for the succeeding years.

(8) Any money credited to the state highway fund from the motor vehicle highway account under ~~IC 8-14-1-3(4).~~ **IC 8-14-1-3(5).**

(9) Any money credited to the state highway fund from the highway road and street fund under IC 8-14-2-3.

(10) Any money credited to the state highway fund under IC 6-6-4.1-5 or IC 8-16-1-17.1.

(b) All expenses incurred in carrying out this chapter shall be paid out of the state highway fund.

SECTION 155. IC 8-23-17-32 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 32. (a) All amounts paid to displaced persons under this chapter are exempt from taxation under ~~IC 6-2.1 and~~ IC 6-3.

(b) A payment received under this chapter is not considered as income for the purpose of determining the eligibility or extent of eligibility of any person for public assistance under the following:

AFDC assistance.
AFDC burials.
AFDC IMPACT/J.O.B.S.
AFDC-UP assistance.
ARCH.
Blind relief.

C o p y

Child care.
Child welfare adoption assistance.
Child welfare adoption opportunities.
Child welfare assistance.
Child welfare child care improvement.
Child welfare child abuse.
Child welfare child abuse and neglect prevention.
Child welfare children's victim advocacy program.
Child welfare foster care assistance.
Child welfare independent living.
Child welfare medical assistance to wards.
Child welfare program review action group (PRAG).
Child welfare special needs adoption.
Food Stamp administration.
Health care for indigent (HIC).
ICES.
IMPACT (food stamps).
Title IV-D (ICETS).
Title IV-D child support administration.
Title IV-D child support enforcement (parent locator).
Medicaid assistance.
Medical services for inmates and patients (590).
Room and board assistance (RBA).
Refugee social service.
Refugee resettlement.
Repatriated citizens.
SSI burials and disabled examinations.
Title XIX certification.
Any other Indiana law administered by the division of family and children.".

Page 22, between lines 30 and 31, begin a new paragraph and insert:

"SECTION 19. IC 12-7-2-20.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 20.8. "Bed", for purposes of IC 12-15-14.5, has the meaning set forth in IC 12-15-14.5-1.**

SECTION 156. IC 12-7-2-31.4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 31.4. "Child services" has the meaning set forth in IC 12-19-7-1.**

SECTION 157. IC 12-7-2-70 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 70. "Domestic violence prevention and treatment center", for purposes of IC 12-18-3

C o p y

and IC 12-18-4, means an organized entity:

(1) established by:

(A) a city, town, county, or township; or

(B) an entity exempted from the ~~Indiana~~ gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20;~~ **IC 6-2.5-5-21(b)(1)(B);** and

(2) created to provide services to prevent and treat domestic violence between spouses or former spouses.

SECTION 158. IC 12-7-2-91, AS AMENDED BY P.L.14-2000, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 91. "Fund" means the following:

(1) For purposes of IC 12-12-1-9, the fund described in IC 12-12-1-9.

~~(2) For purposes of IC 12-13-8, the meaning set forth in IC 12-13-8-1.~~

~~(3)~~ **(2)** For purposes of IC 12-15-20, the meaning set forth in IC 12-15-20-1.

~~(4)~~ **(3)** For purposes of IC 12-17-12, the meaning set forth in IC 12-17-12-4.

~~(5)~~ **(4)** For purposes of IC 12-17.6, the meaning set forth in IC 12-17.6-1-3.

~~(6)~~ **(5)** For purposes of IC 12-18-4, the meaning set forth in IC 12-18-4-1.

~~(7)~~ **(6)** For purposes of IC 12-18-5, the meaning set forth in IC 12-18-5-1.

~~(8)~~ **(7)** For purposes of IC 12-19-7, the meaning set forth in IC 12-19-7-2.

~~(9)~~ **(8)** For purposes of IC 12-23-2, the meaning set forth in IC 12-23-2-1.

~~(10)~~ **(9)** For purposes of IC 12-24-6, the meaning set forth in IC 12-24-6-1.

~~(11)~~ **(10)** For purposes of IC 12-24-14, the meaning set forth in IC 12-24-14-1.

~~(12)~~ **(11)** For purposes of IC 12-30-7, the meaning set forth in IC 12-30-7-3.

SECTION 159. IC 12-7-2-103 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 103. "Health facility" means the following:

(1) For purposes of IC 12-10-5.5, the meaning set forth in IC 12-10-5.5-2.

(2) For purposes of IC 12-10-12, the meaning set forth in IC 12-10-12-3.

(3) For purposes of IC 12-15-14.5, the meaning set forth in

C o p y

IC 12-15-14.5-2.

SECTION 160. IC 12-7-2-128.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: **Sec. 128.5. "Medical institution", for purposes of IC 12-15-8.5, has the meaning set forth in IC 12-15-8.5-1.**

SECTION 161. IC 12-13-5-1, AS AMENDED BY P.L.273-1999, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. The division shall administer or supervise the public welfare activities of the state. The division has the following powers and duties:

(1) The administration of old age assistance, aid to dependent children, and assistance to the needy blind and persons with disabilities, excluding assistance to children with special health care needs.

(2) The administration of the following:

(A) Any public child welfare service **or child service.**

(B) The licensing and inspection under IC 12-17.2 and IC 12-17.4.

(C) The care of dependent and neglected children in foster family homes or institutions, especially children placed for adoption or those born out of wedlock.

(D) The interstate placement of children.

(3) The provision of services to county governments, including the following:

(A) Organizing and supervising county offices for the effective administration of public welfare functions.

(B) Compiling statistics and necessary information concerning public welfare problems throughout Indiana.

(C) Researching and encouraging research into crime, delinquency, physical and mental disability, and the cause of dependency.

(4) Prescribing the form of, printing, and supplying to the county departments blanks for applications, reports, affidavits, and other forms the division considers necessary and advisable.

(5) Cooperating with the federal Social Security Administration and with any other agency of the federal government in any reasonable manner necessary and in conformity with IC 12-13 through IC 12-19 to qualify for federal aid for assistance to persons who are entitled to assistance under the federal Social Security Act. The responsibilities include the following:

(A) Making reports in the form and containing the information

C o p y

that the federal Social Security Administration Board or any other agency of the federal government requires.

(B) Complying with the requirements that a board or agency finds necessary to assure the correctness and verification of reports.

(6) Appointing from eligible lists established by the state personnel board employees of the division necessary to effectively carry out IC 12-13 through IC 12-19. The division may not appoint a person who is not a citizen of the United States and who has not been a resident of Indiana for at least one (1) year immediately preceding the person's appointment unless a qualified person cannot be found in Indiana for a position as a result of holding an open competitive examination.

(7) Assisting the office of Medicaid policy and planning in fixing fees to be paid to ophthalmologists and optometrists for the examination of applicants for and recipients of assistance as needy blind persons.

(8) When requested, assisting other departments, agencies, divisions, and institutions of the state and federal government in performing services consistent with this article.

(9) Acting as the agent of the federal government for the following:

(A) In welfare matters of mutual concern under IC 12-13 through IC 12-19.

(B) In the administration of federal money granted to Indiana in aiding welfare functions of the state government.

(10) Administering additional public welfare functions vested in the division by law and providing for the progressive codification of the laws the division is required to administer.

(11) Supervising day care centers and child placing agencies.

(12) Supervising the licensing and inspection of all public child caring agencies.

(13) Supervising the care of delinquent children and children in need of services.

(14) Assisting juvenile courts as required by IC 31-30 through IC 31-40.

(15) Supervising the care of dependent children and children placed for adoption.

(16) Compiling information and statistics concerning the ethnicity and gender of a program or service recipient.

(17) Providing permanency planning services for children in need of services, including:

C o p y

(A) making children legally available for adoption; and

(B) placing children in adoptive homes;

in a timely manner.

(18) Providing medical assistance to wards from money appropriated for that purpose.

SECTION 162. IC 12-15-2-17, AS AMENDED BY P.L.272-1999, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 17. (a) Except as provided in ~~subsection~~ **subsections** (b) **and (d),** if an applicant for or a recipient of Medicaid:

(1) establishes one (1) irrevocable trust that has a value of not more than ten thousand dollars ($10,000), exclusive of interest, and is established for the sole purpose of providing money for the burial of the applicant or recipient;

(2) enters into an irrevocable prepaid funeral agreement having a value of not more than ten thousand dollars ($10,000); or

(3) owns a life insurance policy with a face value of not more than ten thousand dollars ($10,000) and with respect to which provision is made to pay not more than ten thousand dollars ($10,000) toward the applicant's or recipient's funeral expenses;

the value of the trust, prepaid funeral agreement, or life insurance policy may not be considered as a resource in determining the applicant's or recipient's eligibility for Medicaid.

(b) **Subject to subsection (d),** if an applicant for or a recipient of Medicaid establishes an irrevocable trust or escrow under IC 30-2-13, the entire value of the trust or escrow may not be considered as a resource in determining the applicant's or recipient's eligibility for Medicaid.

(c) If an applicant for or a recipient of Medicaid owns resources described in subsection (a) and the total value of those resources is more than ten thousand dollars ($10,000), the value of those resources that is more than ten thousand dollars ($10,000) may be considered as a resource in determining the applicant's or recipient's eligibility for Medicaid.

(d) In order for a trust, life insurance policy, or prepaid funeral agreement to be exempt as a resource in determining an applicant's or recipient's eligibility for Medicaid under this section, the applicant or recipient must designate:

(1) the office; or

(2) the applicant's or recipient's estate;

to receive any amount remaining after the delivery of all services and merchandise under the contract as reimbursement for Medicaid assistance provided to the applicant or recipient after the

C o p y

applicant or recipient is fifty-five (55) years of age. The office may receive funds under this subsection only to the extent permitted by federal law under 42 U.S.C. 1396p.

SECTION 163. IC 12-15-5-1, AS AMENDED BY P.L.149-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. Except as provided in IC 12-15-2-12, IC 12-15-6, and IC 12-15-21, the following services and supplies are provided under Medicaid:

(1) Inpatient hospital services.
(2) Nursing facility services.
(3) Physician's services, including services provided under:
(A) IC 25-10-1, **except that these services:**
(i) may be limited by the office under rules adopted under IC 4-22-2; and
(ii) do not include services for children less than nineteen (19) years of age; and
(B) IC 25-22.5-1.
(4) Outpatient hospital or clinic services.
(5) Home health care services.
(6) Private duty nursing services.
(7) Physical therapy and related services.
(8) Dental services, **except that the office may, under rules adopted under IC 4-22-2, place limitations on the amount expended for services.**
(9) Prescribed laboratory and x-ray services.
(10) Prescribed drugs and services.
(11) Eyeglasses and prosthetic devices.
(12) Optometric services.
(13) Diagnostic, screening, preventive, and rehabilitative services.
(14) Podiatric medicine services.
(15) Hospice services.
(16) Services or supplies recognized under Indiana law and specified under rules adopted by the office.
(17) Family planning services except the performance of abortions.
(18) Nonmedical nursing care given in accordance with the tenets and practices of a recognized church or religious denomination to an individual qualified for Medicaid who depends upon healing by prayer and spiritual means alone in accordance with the tenets and practices of the individual's church or religious denomination.
(19) Services provided to individuals described in IC 12-15-2-8 and IC 12-15-2-9.

C o p y

(20) Services provided under IC 12-15-34 and IC 12-15-32.

(21) Case management services provided to individuals described in IC 12-15-2-11 and IC 12-15-2-13.

(22) Any other type of remedial care recognized under Indiana law and specified by the United States Secretary of Health and Human Services.

(23) Examinations required under IC 16-41-17-2(a)(10).

SECTION 164. IC 12-15-8.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 8.5. Liens on Real Property of Medicaid Recipients

Sec. 1. As used in this chapter, "medical institution" means any of the following:

(1) A hospital.

(2) A nursing facility.

(3) An intermediate care facility for the mentally retarded.

Sec. 2. When the office, in accordance with 42 U.S.C. 1396p, determines that a Medicaid recipient who resides in a medical institution cannot reasonably be expected to be discharged from the medical institution and return home, the office shall obtain a lien on the Medicaid recipient's real property for the cost of all Medicaid expenditures made on behalf of the recipient.

Sec. 3. The office may not obtain a lien under this chapter if any of the following persons lawfully reside in the home of the Medicaid recipient who resides in the medical institution:

(1) The Medicaid recipient's spouse.

(2) The Medicaid recipient's child who is:

(A) less than twenty-one (21) years of age; or

(B) disabled as defined by the federal Supplemental Security Income program.

(3) The Medicaid recipient's sibling who:

(A) has an ownership interest in the home; and

(B) has lived in the home continuously beginning at least twelve (12) months before the recipient was admitted to the medical institution.

Sec. 4. Before obtaining a lien on a Medicaid recipient's real property under this chapter, the office shall notify in writing the Medicaid recipient, the Medicaid recipient's guardian, the Medicaid recipient's attorney in fact, or the Medicaid recipient's authorized representative, of the following:

(1) The office's determination that the Medicaid recipient cannot reasonably be expected to be discharged from the

C o p y

medical institution.

(2) The office's intent to impose a lien on the Medicaid recipient's home.

(3) The Medicaid recipient's right to a hearing under IC 12-15-28 upon the Medicaid recipient's request regarding whether the requirements for the imposition of a lien are satisfied.

Sec. 5. (a) To obtain a lien under this chapter, the office must file a notice of lien with the recorder of the county in which the real property subject to the lien is located. The notice must include the following:

(1) The name and place of residence of the individual against whose property the lien is asserted.

(2) A legal description of the real property subject to the lien.

(b) Upon the office's request, the county auditor or assessor of a county shall furnish the office with the legal description of any property in the county registered to the recipient.

(c) The office shall file one (1) copy of the notice of lien with the county office of family and children in the county in which the real property is located. The county office of family and children shall retain a copy of the notice with the county office's records.

(d) The office shall provide one (1) copy of the notice of lien to the recipient whose real property is affected.

Sec. 6. (a) Beginning on the date on which a notice of lien is recorded in the office of the county recorder under section 5 of this chapter, the notice of lien:

(1) constitutes due notice of a lien against the Medicaid recipient's real property for any amount then recoverable and any amount that becomes recoverable under this article; and

(2) creates a specific lien in favor of the office.

(b) The lien continues from the date of filing the lien until the lien is satisfied or released.

Sec. 7. The office may bring proceedings in foreclosure on a lien arising under this chapter during the lifetime of the Medicaid recipient if the Medicaid recipient or a person acting on behalf of the Medicaid recipient sells the property.

Sec. 8. (a) The office may not enforce a lien under this chapter if the Medicaid recipient is survived by any of the following:

(1) The recipient's spouse.

(2) The recipient's child who is:

(A) less than twenty-one (21) years of age; or

(B) disabled as defined by the federal Supplemental

C o p y

Security Income program.

(b) The office may not enforce a lien under this chapter as long as any of the following individuals reside in the home:

(1) The recipient's child of any age if the child:

(A) resided in the home for at least twenty-four (24) months before the Medicaid recipient was admitted to the medical institution;

(B) provided care to the Medicaid recipient that delayed the Medicaid recipient's admission to the medical institution; and

(C) has resided in the home on a continuous basis since the date of the individual's admission to the medical institution.

(2) The Medicaid recipient's sibling who has an ownership interest in the home and who has lived in the home continuously beginning at least twelve (12) months before the Medicaid recipient was admitted to the medical institution.

Sec. 9. (a) The office shall release a lien imposed under this chapter within ten (10) business days after the county office of family and children receives notice that the Medicaid recipient:

(1) was discharged from the medical institution; and

(2) is living in the home.

(b) The county recorder shall waive the filing fee for the filing of a release made under this section.

SECTION 165. IC 12-15-9-0.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 0.5. As used in this chapter, "estate" includes:

(1) all real and personal property and other assets included within an individual's probate estate; **and**

(2) any other real and personal property and other assets in which the individual had legal title or an interest at the time of death, including assets conveyed to a survivor, an heir, or an assignee of the deceased individual through any of the following:

(A) Joint tenancy.

(B) Tenancy in common.

(C) Survivorship.

(D) Life estate.

(E) Trust, other than a trust that meets the requirements of federal law under 42 U.S.C. 1396p(d)(4).

(F) Any other arrangement.

If a trust meets the requirements of federal law under 42 U.S.C. 1396p(d)(4), the office shall be reimbursed in accordance with the

C o p y

terms of the trust.

SECTION 166. IC 12-15-10-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 7. (a) The office may require a recipient to select one (1) pharmacy in which the recipient may fill a prescription covered under Medicaid.**

(b) Except as provided under subsection (c), prescription coverage under Medicaid applies only if a recipient required to select a pharmacy under subsection (a) fills the prescription at the pharmacy selected.

(c) A recipient required to select a pharmacy under subsection (a) may obtain not more than a seventy-two (72) hour supply of a prescription drug in an emergency situation or on a weekend at a pharmacy other than the pharmacy selected.

SECTION 167. IC 12-15-12-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) A Medicaid recipient who has selected or been assigned a managed care provider under this chapter may not select a new managed care provider ~~for twelve (12) months after the managed care provider was selected or assigned.~~ **except as allowed under the waiver obtained under section 11 of this chapter.**

(b) The office may make an exception to the requirement under subsection (a) if the office determines that circumstances warrant a change **and the change is permitted under the waiver obtained under section 11 of this chapter.**

SECTION 168. IC 12-15-12-14, AS ADDED BY P.L.291-2001, SECTION 160, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 14. (a) This section applies to a Medicaid recipient: ~~who:~~

(1) **who** is determined by the office to be eligible for enrollment in a Medicaid managed care program; ~~and~~

(2) **whose Medicaid eligibility is not based on the individual's aged, blind, or disabled status; and**

(3) who resides in a county having a population of:

(A) more than ~~one hundred fifty thousand (150,000) but less than one hundred sixty thousand (160,000).~~ **one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000);**

(B) more than ~~one hundred sixty thousand (160,000) but less than two hundred thousand (200,000).~~ **one hundred seventy thousand (170,000) but less than one hundred eighty thousand (180,000);**

C o p y

(C) more than two hundred thousand (200,000) but less than three hundred thousand (300,000);

(D) more than three hundred thousand (300,000) but less than four hundred thousand (400,000); or

(E) more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(b) Not later than January 1, 2003, the office shall require a recipient described in subsection (a) to enroll in the risk-based managed care program.

(c) The office:

(1) shall apply to the United States Department of Health and Human Services for any approval necessary; and

(2) may adopt rules under IC 4-22-2;

to implement this section.

SECTION 169. IC 12-15-14.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 14.5. Health Facility Fee

Sec. 1. As used in this chapter, "bed" refers to a patient bed in a health facility.

Sec. 2. As used in this chapter, "health facility" means a health facility licensed under IC 16-28.

Sec. 3. Beginning August 1, 2002, the office shall assess a health facility a fee of two dollars ($2) per day for each bed in a health facility.

Sec. 4. (a) The office may determine the manner of payment of the fee collected under section 3 of this chapter.

(b) A health facility shall pay the fee required under section 3 of this chapter to the office not more than thirty (30) days after receiving notice that the payment is due.

(c) If a health facility does not comply with subsection (b), the office may do the following:

(1) Deduct the amount of the fee from the health facility's Medicaid reimbursement.

(2) If a health facility does not participate in Medicaid, charge the health facility interest on the fee at an annual interest rate determined by the office.

(3) Impose any other penalty that the office determines is appropriate.

Sec. 5. If federal financial participation funds to match the fees collected under section 3 of this chapter become unavailable under federal law, the office's authority to assess a fee under this chapter

C o p y

terminates on the date the federal statute, federal regulation, or federal interpretative change that ceases the federal participation funds takes effect.

Sec. 6. The office shall adopt rules under IC 4-22-2 to carry out this chapter.

Sec. 7. This chapter expires August 1, 2004.

SECTION 170. IC 12-15-15-9, AS AMENDED BY P.L.283-2001, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. (a) Subject to subsections (e), (f), (g), and (h), for each state fiscal year ending June 30, 1998, June 30, 1999, June 30, 2000, June 30, 2001, ~~and~~ June 30, 2002, **and each state fiscal year to which subsection (e), (f), (g), or (h) applies,** a hospital is entitled to a payment under this section.

(b) Subject to subsections (e), (f), (g), and (h), total payments to hospitals under this section for a state fiscal year shall be equal to all amounts transferred from the state hospital care for the indigent ~~fund~~ **program** established under IC 12-16 or IC 12-16.1 for Medicaid current obligations during the state fiscal year, including amounts of the ~~fund~~ **program** appropriated for Medicaid current obligations.

(c) The payment due to a hospital under this section must ~~be based on a policy developed by the office. The policy:~~

~~(1) is not required to provide for equal payments to all hospitals;~~

~~(2) must attempt, to the extent practicable as determined by the office, to establish a payment rate that minimizes the difference between the aggregate amount paid under this section to all hospitals in a county for a state fiscal year and the amount of the county's hospital care for the indigent property tax levy; for that state fiscal year and~~

~~(3) must~~ provide that no hospital will receive a payment under this section less than the amount the hospital received under IC 12-15-15-8 for the state fiscal year ending June 30, 1997.

(d) Following the transfer of funds under subsection (b), an amount equal to the amount determined in the following STEPS shall be deposited in the Medicaid indigent care trust fund under IC 12-15-20-2(2) and used to fund a portion of the state's share of the disproportionate share payments to providers for the state fiscal year:

STEP ONE: Determine the difference between:

(A) the amount transferred from the state hospital care for the indigent fund under subsection (b); and

(B) thirty-five million dollars ($35,000,000).

STEP TWO: Multiply the amount determined under STEP ONE by the federal medical assistance percentage for the state fiscal

C o p y

year.

(e) If funds are transferred under IC 12-16-14.1-2(e), those funds must be used for the state's share of funding for payments to hospitals under this subsection. A payment under this subsection shall be made to all hospitals that received a payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002. Payments under this subsection shall be in proportion to each hospital's payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002.

(f) If the office ~~of the uninsured parents program established by IC 12-17.7-2-1~~ does not implement an uninsured parents program as provided for in IC 12-17.7 before July 1, 2003, and funds are transferred under IC 12-16-14.1-3, a hospital is entitled to a payment under this section for the state fiscal year beginning on July 1, 2002. Payments under this subsection shall be made after July 1, 2003, but before December 31, 2003.

(g) If the office does not implement an uninsured parents program as provided for in IC 12-17.7 before July 1, 2003, a hospital is entitled to a payment under this section for state fiscal years ending after June 30, 2003.

(h) If funds are transferred under IC 12-17.7-9-2, those funds shall be used for the state's share of payments to hospitals under this subsection. A payment under this subsection shall be made to all hospitals that received a payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002. Payments under this subsection shall be in proportion to each hospital's payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002.

SECTION 171. IC 12-15-20-2, AS AMENDED BY P.L.283-2001, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. The Medicaid indigent care trust fund is established to pay the state's share of the following:

(1) Enhanced disproportionate share payments to providers under IC 12-15-19-1.

(2) Subject to subdivision (5), disproportionate share payments to providers under IC 12-15-19-2.1.

(3) Medicaid payments for pregnant women described in IC 12-15-2-13 and infants and children described in IC 12-15-2-14.

(4) Municipal disproportionate share payments to providers under IC 12-15-19-8.

(5) Of the intergovernmental transfers deposited into the

C o p y

Medicaid indigent care trust fund under IC 12-15-15-1.1(d), the following apply:

(A) The entirety of the intergovernmental transfers deposited into the Medicaid indigent care trust fund under IC 12-15-15-1.1(d) for state fiscal years ending on or before June 30, 2000, shall be used to fund the state's share of the disproportionate share payments to providers under IC 12-15-19-2.1.

(B) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund under IC 12-15-15-1.1(d) for state fiscal years ending after June 30, 2000, an amount equal to one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund under IC 12-15-15-1.1(d) for the state fiscal year beginning July 1, 1998, and ending June 30, 1999, shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers under IC 12-15-15-1.1(d) for the state fiscal year shall be transferred to the state uninsured parents program fund established under IC 12-17.8-2-1 to fund the state's share of funding for the uninsured parents program established under IC 12-17.7.

(C) If the office does not implement an uninsured parents program as provided for in IC 12-17.7 before July 1, 2003, the intergovernmental transfers transferred to the state uninsured parents program fund under clause (B) shall be returned to the Medicaid indigent care trust fund to be used to fund the state's share of Medicaid add-on payments to hospitals licensed under IC 16-21 under a payment methodology which shall be developed by the office.

(D) If funds are transferred under IC 12-17.7-9-2 or ~~IC 12-17.8-2-4(c)~~ **IC 12-17.8-2-4** to the Medicaid indigent care trust fund, the funds shall be used to fund the state's share of Medicaid add-on payments to hospitals licensed under IC 16-21 under a payment methodology which the office shall develop.

SECTION 172. IC 12-15-28-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. An applicant for or a recipient of Medicaid may appeal to the office if one (1) of the following occurs:

(1) An application or a request is not acted upon by the county office within a reasonable time after the application or request is filed.

C o p y

(2) The application is denied.

(3) The applicant or recipient is dissatisfied with the action of the county office.

(4) The recipient is dissatisfied with a determination made by the office under IC 12-15-8.5.

SECTION 173. IC 12-16-14.1-1, AS ADDED BY P.L.283-2001, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. ~~(a) All funds in a county hospital care for the indigent fund on July 1, 2002, derived from taxes levied under IC 12-16-14-1(1) or allocated under IC 12-16-14-1(2) shall be immediately transferred to the state hospital care for the indigent fund.~~

~~(b)~~ **(a)** Subject to subsection ~~(d),~~ **(b),** beginning July 1, 2002, all tax receipts derived from taxes levied under IC 12-16-14-1(1) **(repealed)** that are first due and payable in calendar year 2002 or earlier, or allocated under IC 12-16-14-1(2) **(repealed)** in calendar year 2002 or earlier, shall be paid into the county general fund. Before the fifth day of each month, all of the tax receipts paid into the general fund under this ~~subdivision~~ **subsection** during the preceding month shall be transferred to the state hospital care for the indigent fund.

~~(c) All tax receipts derived from taxes levied under IC 12-16-14-1(1) that are first due and payable after calendar year 2002, or allocated under IC 12-16-14-1(2) after calendar year 2002, shall be paid into the county general fund. Before the fifth day of each month, all of the tax receipts paid into the general fund under this subdivision during the preceding month shall be transferred to the state uninsured parents program fund established by IC 12-17.8-2-1.~~

~~(d)~~ **(b)** If the state hospital care for the indigent fund is closed under section 2(d) of this chapter at the time a transfer of receipts is to be made to the fund, the receipts shall be transferred to the state uninsured parents program fund established by IC 12-17.8-2-1.

SECTION 174. IC 12-16-14.1-2, AS ADDED BY P.L.283-2001, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Subject to subsections (b), (c), and (e), and subject to the requirements of IC 12-15-15-9(b) regarding appropriations from the state hospital care for the indigent fund for Medicaid current obligations, beginning July 1, 2002, all funds deposited in the state hospital care for the indigent fund derived from taxes levied under IC 12-16-14-1(1) **(repealed)** or allocated under IC 12-16-14-1(2) **(repealed)** shall be used by the division to pay claims for services:

(1) eligible for payment under the hospital care for the indigent program under IC 12-16-2 (before its repeal); and

C o p y

(2) provided before July 1, 2002.

(b) This section may not delay, limit, or reduce ~~the following:~~

~~(1) Any appropriation required under state law from the state hospital care for the indigent fund for Medicaid current obligations for the state fiscal years beginning July 1, 2000, and July 1, 2001, for purposes of payments under IC 12-15-15-9(a) through IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2000, and July 1, 2001.~~

~~(2) The transfer of additional funds from the state hospital care for the indigent fund for Medicaid current obligations anticipated under IC 12-15-15-9(b) for purposes of IC 12-15-15-9(a) through IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2000, and July 1, 2001.~~

~~(3)~~ for state fiscal years beginning after June 30, 2002, any ~~other~~ appropriation required under state law from the state hospital care for the indigent fund for the uninsured parents program established under ~~IC 12-17.7-2-2.~~ **IC 12-17.7-2-1.**

(c) The division shall cooperate with the office in causing the appropriations and transfers from the state hospital care for the indigent fund described in subsection (b) to occur.

(d) The state hospital care for the indigent fund shall close upon the earlier of the following:

(1) The payment of all funds in the fund.

(2) The payment of all claims for services provided before July 1, 2002, that were eligible for payment under the hospital care for the indigent program under IC 12-16-2 (before its repeal).

(e) Notwithstanding subsection (d) and IC 12-16.1, if at any time before the closing of the state hospital care for the indigent fund the amount of funds on deposit exceeds the amount necessary to pay the claims for services provided before July 1, 2002, that were eligible for payment under the hospital care for the indigent program under IC 12-16 (before its repeal), those excess funds shall be transferred from the fund for use as the state's share of funding for payments to hospitals under IC 12-15-15-9(e). ~~Subject to the operation of~~ **Except for funds transferred to the state hospital care for the indigent fund under** sections **4.5,** 5, and 6 of this chapter, amounts deposited in the state hospital care for the indigent fund under IC 12-16.1 are not subject to this subsection.

(f) Upon the closing of the state hospital care for the indigent fund, no further obligation shall be owed under the hospital care for the indigent program under IC 12-16-2 (before its repeal).

SECTION 175. IC 12-16-14.1-4.5 IS ADDED TO THE INDIANA

C o p y

CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 4.5. (a) All tax receipts derived from taxes levied under IC 12-16-14-1(1) (repealed) that are first due and payable in calendar year 2003 or earlier or allocated under IC 12-16-14-1(2) (repealed) in calendar year 2003 or earlier that are in the county general fund on December 31, 2003, shall be transferred to the state hospital care for the indigent fund before January 5, 2004.**

(b) If the state hospital care for the indigent fund is closed under section 2 of this chapter at the time a transfer of receipts is to be made to the fund under subsection (a), the receipts shall be transferred to the state uninsured parents program fund established by IC 12-17.8-2-1. If the uninsured parents program is terminated before January 1, 2004, money transferred to the uninsured parents program fund under subsection (a) shall be disposed of as provided in IC 12-17.7-9-2.

(c) If a county has in its possession on December 31, 2003, money described in subsection (a) that has not been deposited in the county general fund or receives money described in subsection (a) after December 31, 2003, the county shall immediately transfer the money to the state for deposit as described in subsections (a) and (b).

SECTION 176. IC 12-16-14.1-6, AS ADDED BY P.L.283-2001, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. If the uninsured parents program implemented and maintained under IC 12-17.7 terminates under IC 12-17.7-9-1

~~(1) all transfers under this chapter will cease immediately;~~

~~(2) all tax receipts on deposit in a county general fund under section 1(b) of this chapter, shall be immediately transferred to the state hospital care for the indigent fund for use as provided in section 2 of this chapter or, if the state hospital care for the indigent fund is closed, to the state uninsured parents program fund;~~

~~(3) all tax receipts on deposit in a county general fund under section 1(c) of this chapter, shall be immediately transferred to the state uninsured parents program fund; and~~

~~(4)~~ **after December 31, 2003,** all funds deposited in the state hospital care for the indigent fund shall be used as provided in section 2 of this chapter.

SECTION 177. IC 12-16.1-7-2, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

C o p y

JANUARY 1, 2004]: Sec. 2. (a) Except as provided in section 5 of this chapter, claims for payment shall be segregated by year using the patient's admission date.

(b) Each year, the division shall pay claims as provided in section 4 of this chapter without regard to the county of admission. ~~or that county's transfer to the state fund.~~

SECTION 178. IC 12-16.1-7-4, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Each year, the division shall pay two-thirds (2/3) of each claim upon submission and approval of the claim.

(b) If the amount of money in the state hospital care for the indigent fund in a **state fiscal** year is insufficient to pay two-thirds (2/3) of each approved claim for patients admitted in that year, the state's ~~and a county's~~ liability to providers under the hospital care for the indigent program for claims approved for patients admitted in that year is limited to the sum of the following:

(1) The amount transferred to the state hospital care for the indigent fund from county hospital care for the indigent funds in that year under IC 12-16.1-13 **(repealed).**

(2) Any contribution to the fund in that year.

(3) Any amount that was appropriated to the state hospital care for the indigent ~~fund~~ **program** for that year by the general assembly.

(4) Any amount that was carried over to the state hospital care for the indigent fund from a preceding year.

(c) This section does not obligate the general assembly to appropriate money to the state hospital care for the indigent fund.

SECTION 179. IC 12-16.1-7-9, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. IC 12-16.1-2 through ~~IC 12-16.1-14~~ **IC 12-16.1-15** do not affect the liability of a county with respect to claims for hospital care for the indigent for patients admitted before January 1, 1987.

SECTION 180. IC 12-16.1-13-3, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. ~~(a) Before the fifth day of each month, all money contained in a county hospital care for the indigent fund at the end of the preceding month shall be transferred to the state hospital care for the indigent fund.~~

~~(b)~~ If the state hospital care for the indigent fund is closed under IC 12-16-14.1-2(d), a new state hospital care for the indigent fund is established under this article.

C o p y

SECTION 181. IC 12-16.1-13-4, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Subject to ~~IC 12-16-14.1-5(4)~~ **IC 12-16-14.1-5** and ~~IC 12-16-14.1-6(4),~~ **IC 12-16-14.1-6,** the state hospital care for the indigent fund under this article consists of the following:

(1) Money transferred to the state hospital care for the indigent fund from the county hospital care for the indigent funds.

(2) Any contributions to the fund from individuals, corporations, foundations, or others for the purpose of providing hospital care for the indigent.

~~(3) Money advanced to the fund under IC 12-16.1-14.~~

~~(4)~~ **(3)** Appropriations made specifically to the fund by the general assembly.

(b) This section does not obligate the general assembly to appropriate money to the state hospital care for the indigent fund.

SECTION 182. IC 12-17-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. **(a)** The division shall cooperate with each county office and with the Children's Bureau of the United States Department of Health and Human Services to do the following: ~~in predominantly rural areas and other areas of special need:~~

(1) Establish, extend, and strengthen ~~public welfare~~ services for the protection and care of ~~dependent and delinquent children and children~~ **a child at risk of becoming a child** in need of services **(as defined in IC 31-9-2-17) or a delinquent child (as defined in IC 31-9-2-37).**

(2) Develop and extend ~~child welfare~~ **public social** services **directed toward the accomplishment of any of the following purposes:**

(A) Protecting and promoting the welfare of all children, including handicapped, homeless, dependent, or neglected children.

(B) Preventing, remedying, or assisting in the solution of problems that may result in the neglect, abuse, exploitation, or delinquency of children.

(C) Preventing the unnecessary separation of children from their families by identifying family problems, assisting families in resolving their problems, and preventing breakup of the family whenever the prevention of child removal is desirable and possible.

(3) Develop state services to assist with adequate methods of community child welfare organization.

C o p y

(4) Develop plans necessary to carry out the services under this section and to comply with the requirements of the Children's Bureau of the United States Department of Health and Human Services in conformity with **Title IV Part B of** the Social Security Act (42 U.S.C. 602 **et seq.).**

(5) Provide financial assistance for support of a destitute child who is living:

(A) in a suitable foster family home, group home, or child caring institution that is licensed under the applicable provisions of IC 12-17.4 and the rules of the division; or

(B) in the home of a relative that is not a foster family home (as defined in IC 12-7-2-29) and that has been approved by the county office as meeting applicable health and safety standards and as suitable for the care of the child.

(b) The amount of the assistance provided to or for the benefit of a destitute child under this chapter may not exceed the foster care per diem rate applicable to the child in the county in which the child resides.

SECTION 183. IC 12-17-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) This section does not apply to a county ~~department's.~~ **office's:**

(1) administrative expenses; or

(2) expenses regarding facilities, supplies, and equipment.

(b) Necessary expenses incurred in the administration of the child welfare services under section 1 of this chapter shall be paid out of the ~~county welfare fund or the~~ county family and children's fund. ~~(whichever is appropriate).~~

SECTION 184. IC 12-17-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The state shall ~~provide money to a county to assist the county in defraying the~~ **pay** expenses incurred for child welfare services as provided in section 1 of this chapter.

(b) The state shall provide the money under subsection (a) as follows:

~~(1) Monthly.~~

~~(2)~~ **(1)** Based upon: ~~need.~~

(A) consistent with the county's plan adopted in accordance with IC 31-34-24 and IC 31-37-24; and

(B) established by the county office in accordance with a request for funds submitted to and approved by the division.

(2) From money appropriated to the division for child welfare

C o p y

services as described in section 1 of this chapter.

~~(3)~~ **(3)** From money received through the federal government for the purpose described in ~~this~~ section **1 of this chapter and**

~~(4) In an amount to be determined by the division~~ in conformity with **the state plans approved under Title IV Part B of** the Social Security Act ~~(42 U.S.C. 602).~~ **(42 U.S.C. 622 and 42 U.S.C. 629b).**

SECTION 185. IC 12-17.6-3-3, AS ADDED BY P.L.273-1999, SECTION 177, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) Subject to subsection (b), a child who is eligible for the program shall receive services from the program until the earlier of the following:

~~(1) The end of a period of twelve (12) consecutive months following the determination of the child's eligibility for the program.~~

(1) The child becomes financially ineligible.

(2) The child becomes nineteen (19) years of age.

(b) Subsection (a) applies only if the child and the child's family comply with enrollment requirements.

SECTION 186. IC 12-17.6-4-2, AS ADDED BY P.L.273-1999, SECTION 177, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The benefit package provided under the program shall focus on age appropriate preventive, primary, and acute care services.

(b) The office shall offer health insurance coverage for the following basic services:

(1) Inpatient and outpatient hospital services.

(2) Physicians' services, **except chiropractic services,** provided by a physician (as defined in 42 U.S.C. 1395x(r)).

(3) Laboratory and x-ray services.

(4) Well-baby and well-child care, including:

(A) age appropriate immunizations; and

(B) periodic screening, diagnosis, and treatment services according to a schedule developed by the office.

The office may offer services in addition to those listed in this subsection if appropriations to the program exist to pay for the additional services.

(c) The office shall offer health insurance coverage for the following additional services if the coverage for the services has an actuarial value equal to or greater than the actuarial value of the services provided by the benchmark program determined by the children's health policy board established by IC 4-23-27-2:

C o p y

(1) Prescription drugs.
(2) Mental health services.
(3) Vision services.
(4) Hearing services.
(5) Dental services.

(d) Notwithstanding subsections (b) and (c), the office may not impose treatment limitations or financial requirements on the coverage of services for a mental illness if similar treatment limitations or financial requirements are not imposed on coverage for services for other illnesses.

SECTION 187. IC 12-17.7-9-2, AS ADDED BY P.L.283-2001, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. Upon termination of the uninsured parents program, all funds on deposit in the state uninsured parents program fund, including funds transferred to the fund under IC 12-16-14.1-6(2) **(as effective December 31, 2002),** shall be used to pay expenses and other obligations of the program, as determined by the office. Any remaining funds attributable to taxes levied under IC 12-16-14-1(1) **(repealed)** or allocated under IC 12-16-14-1(2) **(repealed)** shall be transferred from the fund for use as the state's share of payments under IC 12-15-15-9(h). Any remaining funds attributable to transfers from the Medicaid indigent care trust fund under IC 12-15-20-2(5) shall be transferred from the state uninsured parents program fund for use as the state's share of payments under IC 12-15-20-2(5)(D).

SECTION 188. IC 12-17.8-2-1, AS ADDED BY P.L.283-2001, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. ~~(a)~~ The state uninsured parents program fund is established.

~~(b) Before the fifth day of each month, all money contained in a county hospital care for the indigent fund at the end of the preceding month shall be transferred to the state uninsured parents program fund.~~

SECTION 189. IC 12-17.8-2-2, AS ADDED BY P.L.283-2001, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) The state uninsured parents program fund consists of the following:

(1) The money transferred to the state uninsured parents program fund from the county hospital care for the indigent funds**.**
(2) The money transferred to the state uninsured parents program fund under IC 12-15-20-2(5).
(3) The money transferred to the state uninsured parents program fund under IC 12-16-14.1.
(4) Any contributions to the fund from individuals, corporations,

C o p y

foundations, public or private trust funds, or others for the purpose of providing medical assistance to uninsured parents.

~~(5) The money advanced to the fund under section 5 of this chapter.~~

~~(6)~~ **(5)** The appropriations made specifically to the fund by the general assembly or a state board, trust, or fund.

~~(7)~~ **(6)** Any voluntary intergovernmental transfer to the fund.

(b) This section does not obligate the general assembly or any state board, trust, or fund to appropriate money to the state uninsured parents program fund.

SECTION 190. IC 12-17.8-2-4, AS ADDED BY P.L.283-2001, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Subject to subsections (c) and (d), money in the state uninsured parents program fund at the end of a state fiscal year remains in the fund and does not revert to the state general fund.

(b) For each state fiscal year beginning July 1, 2002, **to the extent that money is available in the fund that is not needed to meet the expenses of the uninsured parents program,** the office of ~~the uninsured parents program established by IC 12-17.7-2-1~~ **Medicaid policy and planning established by IC 12-8-6-1** shall transfer from the state uninsured parents program fund an amount equal to the amount determined by multiplying thirty-five million dollars ($35,000,000) by the federal medical assistance percentage for the state fiscal year. The transferred amount shall be used for Medicaid current obligations. The transfer may be made in a single payment or multiple payments throughout the state fiscal year.

(c) At the end of a state fiscal year, the office shall do the following:

(1) Determine the sums on deposit in the state uninsured parents program fund.

(2) Calculate a reasonable estimate of the sums to be transferred to the state uninsured parents program fund during the next state fiscal year, taking into consideration the timing of the transfers.

(3) Calculate a reasonable estimate of the expenses to be paid by the program during the next state fiscal year, taking into consideration the likely number of enrollees in the program during the next state fiscal year.

(d) If the amount on deposit in the state uninsured parents program fund at the end of a state fiscal year, combined with the estimated amount of transfers of funds into the fund during the next state fiscal year, exceeds the estimate of the expenses to be paid by the program during the next state fiscal year, then a sum equal to the excess amount

C o p y

shall be transferred from the funds on deposit in the state uninsured parents program fund at the end of the state fiscal year to the Medicaid indigent care trust fund for purposes of IC 12-15-20-2(5)(D).

SECTION 191. IC 12-18-4-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. A:

(1) city, town, county, or township; or

(2) an entity that is exempted from the ~~Indiana~~ gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20;~~ **IC 6-2.5-5-21(b)(1)(B);**

that desires to receive a grant under this chapter or enter into a contract with the council must apply in the manner prescribed by the rules of the division.

SECTION 192. IC 12-19-1-21, AS ADDED BY P.L.273-1999, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 21. **(a)** Notwithstanding any other law, after December 31, 1999, a county may not impose any of the following:

(1) A property tax levy for a county welfare fund.

(2) A property tax levy for a county welfare administration fund.

(b) Notwithstanding any other law, after December 31, 2003, a county may not impose any of the following:

(1) A property tax levy for a county medical assistance to wards fund (IC 12-13-8-2 (repealed)).

(2) A property tax levy for a children with special health care needs county fund (IC 16-35-3-1 (repealed)).

(3) The part of a county general fund levy imposed under IC 12-16-14-1 (repealed) to transfer money to the state for the hospital care for indigent program or the uninsured parent program.

SECTION 193. IC 12-19-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) ~~For taxes first due and payable in 1995, each county must impose a county family and children property tax levy equal to the amount determined using the following formula:~~

~~STEP ONE: Determine the sum of the amounts that were paid by the county minus the amounts reimbursed by the state (including reimbursements made with federal money), as determined by the state board of accounts, in 1991, 1992, and 1993 for the following:~~

~~(A) Payments for administrative expenses of the county office of family and children in administering the provision of child services.~~

~~(B) Payments for the services described in section 1 of this chapter that were made on behalf of the children described in~~

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~~section 1 of this chapter and for which payment was made from the county welfare fund.~~

~~(C) Payment for the facilities, supplies, and equipment needed for the provision of child services as operated by the county office of family and children.~~

~~(D) Payment of all other expenses incurred in providing child services that were paid by the county office of family and children.~~

~~STEP TWO: Subtract from the amount determined in STEP ONE the sum of the miscellaneous taxes that were allocated to:~~

~~(A) the county welfare administration fund and used to pay expenses for administration, facilities, supplies, and equipment for the provision of child services in 1991, 1992, and 1993; and~~

~~(B) the county welfare fund, the county general fund, or the county welfare loan fund (whichever of the funds applies) and used to pay the costs of providing child services in 1991, 1992, and 1993.~~

~~STEP THREE: Divide the amount determined in STEP TWO by three (3).~~

~~STEP FOUR: Calculate the STEP ONE amount and the STEP TWO amount for 1993 expenses only.~~

~~STEP FIVE: Adjust the amounts determined in STEP THREE and STEP FOUR by the amount determined by the state board of tax commissioners under subsection (c).~~

~~STEP SIX: Determine whether the amount calculated in STEP THREE, as adjusted in STEP FIVE, or the amount calculated in STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the greater amount by the greater of:~~

~~(A) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for property taxes first due and payable in 1995; or~~

~~(B) the statewide average assessed value growth quotient using the county assessed value growth quotients determined under IC 6-1.1-18.5-2 for property taxes first due and payable in 1995.~~

~~STEP SEVEN: Multiply the amount determined in STEP SIX by the county's assessed value growth quotient for property taxes first due and payable in 1995, as determined under IC 6-1.1-18.5-2.~~

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:

(A) fifty percent (50%) of the county family and children property tax levy imposed for taxes first due and payable in

C o p y

the preceding year; multiplied by

(B) the greater of:

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

(ii) one (1).

(b) For taxes first due and payable in each year after ~~1995,~~ **2004,** each county shall impose a county family and children property tax levy equal to the product of:

(1) 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).

When a year in which a statewide general reassessment of real property first becomes effective is the year preceding the year that the property tax levy under this subsection will be first due and payable, the amount to be used in subdivision (2) equals the average of the amounts used in determining the two (2) most recent adjustments in the county's levy under this section.

~~(c) For taxes first due and payable in 1995 and in 1996, the state board of tax commissioners shall adjust the levy for each county to reflect the county's actual child services expenses incurred in providing child services in 1991, 1992, and 1993. In making this adjustment, the state board of tax commissioners may consider all relevant information, including the county's use of bond and loan proceeds to pay these expenses.~~

~~(d)~~ **(c)** The ~~state board~~ **department** of ~~tax commissioners~~ **local government finance** shall review each county's property tax levy under this section and shall enforce the requirements of this section with respect to that levy.

SECTION 194. IC 12-19-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) The county director, upon the advice of the judges of the courts with juvenile jurisdiction in the county, shall annually compile and adopt a child services budget, which must be in a form prescribed by the state board of accounts. The budget may not exceed the **sum of the** levy limitation set forth in IC 6-1.1-18.6 **and the amount of the distribution from the division to the county determined for the year under section 21.5 of this chapter.**

(b) The budget must contain an estimate of the amount of money

C o p y

that will be needed by the county office during the fiscal year to defray the expenses and obligations incurred by the county office in the payment of services for children adjudicated to be children in need of services or delinquent children and other related services, but not including the payment of AFDC.

SECTION 195. IC 12-19-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. (a) The county director shall, with the assistance of the judges of courts with juvenile jurisdiction in the county and at the same time the budget is compiled and adopted, recommend to the division the tax levy that the director and judges determine will be required to raise the amount of revenue necessary to pay the expenses and obligations of the county office set forth in the budget under section 6 of this chapter. However, the tax levy may not exceed the maximum permissible levy set forth in IC 6-1.1-18.6 and the budget may not exceed the **sum of the** levy limitation set forth in IC 6-1.1-18 **and the amount of the distribution from the division to the county determined for the year under section 21.5 of this chapter.**

(b) After the county budget has been compiled, the county director shall submit a copy of the budget and the tax levy recommended by the county director and the judges of courts with juvenile jurisdiction in the county to the division. The division shall examine the budget and the tax levy for the purpose of determining whether, in the judgment of the division:

(1) the appropriations requested in the budget will be adequate to defray the expenses and obligations incurred by the county office in the payment of child services for the next fiscal year; and

(2) the tax levy recommended will yield the amount of the appropriation set forth in the budget **after accounting for the amount of the distribution from the division to the county determined for the year under section 21.5 of this chapter.**

SECTION 196. IC 12-19-7-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. In September of each year, at the time provided by law, the county fiscal body shall do the following:

(1) Make the appropriations out of the family and children's fund that are:

(A) based on the budget as submitted; and

(B) necessary to maintain the child services of the county for the next fiscal year, subject to the maximum levy set forth in IC 6-1.1-18.6.

(2) Levy a tax in an amount necessary to produce the appropriated

C o p y

money **after accounting for the amount of the distribution from the division to the county determined for the year under section 21.5 of this chapter.**

SECTION 197. IC 12-19-7-21.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 21.5. (a) In each calendar year beginning with calendar year 2004, the division shall distribute the amount determined under this section to each county for deposited in the fund.**

(b) The division shall distribute an amount under this section equal to the lesser of the following:

(1) Fifty percent (50%) of the amount appropriated by the county for the calendar year and expended for child services.

(2) The amount of the maximum county family and children property tax levy under IC 6-1.1-18.6-2, as adjusted under IC 6-1.1-18.6-3.

(c) The division shall distribute money for the payment of the state's obligation to fund the programs, services, and activities described in subsection (b) in two (2) installments on June 15 and December 15 of each year. A county treasurer shall deposit money received under this section in the fund. The county and the division shall provide for the settlement of any surplus or deficit in the amount distributable under this section in a calendar year before July 1 in the immediately subsequent calendar year.".

Page 25, line 42, delete "in the environmental management" and insert "**as follows:**

(A) Fifty percent (50%) in the environmental management permit operation fund established by IC 13-15-11-1.

(B) Fifty percent (50%) in the state general fund.".

Page 26, delete line 1, begin a new paragraph and insert:

"SECTION 31. IC 13-17-5-7, AS AMENDED BY P.L.229-1999, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. (a) The department shall annually advise the budget committee on whether:

(1) money ~~appropriated by the general assembly;~~ **available from the underground petroleum storage tank excess liability trust fund established in IC 13-23-7-1;** and

(2) money available through federal grants;

is adequate to implement a motor vehicle emissions testing program described in section 5.1 of this chapter.

(b) If the money described under subsection (a) becomes insufficient to implement a motor vehicle emissions testing program,

C o p y

the department shall immediately notify:

(1) the governor; and

(2) the budget committee;

of the insufficiency.".

Page 26, line 6, delete "three hundred" and insert "**two hundred**".
Page 26, line 6, delete "($1,300) and insert "**($1,200)**".
Page 26, line 8, delete "five" and insert "**four**".
Page 26, line 8, after "hundred" insert "**eighty**".
Page 26, line 8, delete "($500)" and insert "**($480)**".
Page 26, line 12, delete "$312" and insert "**$288**".
Page 26, line 14, delete "$468" and insert "**$432**".
Page 26, line 15, delete "$1,092" and insert "**$1,008**".
Page 26, line 16, delete "$1,560" and insert "**$1,440**".
Page 26, line 17, delete "$2,184" and insert "**$2,016**".
Page 26, line 18, delete "$2,678" and insert "**$2,472**".
Page 26, line 19, delete "$4,680" and insert "**$4,320**".
Page 26, line 20, delete "$7,020" and insert "**$6,480**".
Page 26, line 21, delete "$10,920" and insert "**$10,080**".
Page 26, line 22, delete "$15,600" and insert "**$14,400**".
Page 26, line 23, delete "$21,840" and insert "**$20,160**".
Page 26, line 24, delete "$29,640" and insert "**$27,360**".
Page 26, line 25, delete "$37,440" and insert "**$34,560**".
Page 26, line 26, delete "$45,240" and insert "**$41,760**".
Page 26, line 34, delete "fifty".
Page 26, line 34, delete "($650)" and insert "**($600)**".
Page 26, line 39, delete "$650" and insert "**$600**".
Page 26, line 40, delete "$975" and insert "**$900**".
Page 26, line 41, delete "$1,300" and insert "**$1,200**".
Page 26, line 42, delete "$1,950" and insert "**$1,800**".
Page 27, line 1, delete "$3,250" and insert "**$3,000**".
Page 27, line 2, delete "$4,550" and insert "**$4,200**".
Page 27, line 7, delete $975" and insert "**$900**".
Page 27, line 8, delete "$1,950" and insert "**$1,800**".
Page 27, line 9, delete "$2,600" and insert "**$2,400**".
Page 27, line 10, delete "$3,250" and insert "**$3,000**".
Page 27, line 14, strike "five" and insert "**six**".
Page 27, line 14, strike "($1,500) and insert "**($1,800)**".
Page 27, line 16, after "hundred" insert "**eighty**".
Page 27, line 16, strike "($400)" and insert "**($480)**".
Page 27. line 20, delete "$390" and insert "**$360**".
Page 27, line 21, delete "$780" and insert "**$720**".
Page 27, line 22, delete "$2,600" and insert "**$2,400**".

C o p y

Page 27, line 23, delete "$5,200" and insert "**$4,800**".
Page 27, line 24, delete "$6,500" and insert "**$6,000**".
Page 27, line 25, delete "$7,800" and insert "**$7,200**".
Page 27, line 26, delete "$9,100" and insert "**$8,400**".
Page 27, line 27, delete "$10,400" and insert "**$9,600**".
Page 27, line 28, delete "$13,000" and insert "**$12,000**".
Page 27, line 29, delete "$16,900" and insert "**$15,600**".
Page 27, line 30, delete "$19,500" and insert "**$18,000**".
Page 27, line 31, delete "$26,000" and insert "**$24,000**".
Page 27, line 32, delete "$28,600" and insert "**$26,400**".
Page 27, line 36, delete "three" and insert "**two**".
Page 27, line 36, delete "($1,300)" and insert "**($1,200)**".
Page 27, line 38, rest in roman "four".
Page 27, line 38, delete "five".
Page 27, line 38, delete "twenty" and insert "**eighty**".
Page 27, line 38, delete "($520)" and insert "**($480)**".
Page 28, line 3, delete "$312" and insert "**$288**".
Page 28, line 4, delete "$468" and insert "**$432**".
Page 28, line 5, delete "$1,092" and insert "**$1,008**".
Page 28, line 6, delete "$1,560" and insert "**$1,440**".
Page 28, line 7, delete "$2,184" and insert "**$2,016**".
Page 28, line 8, delete "$2,678" and insert "**$2,472**".
Page 28, line 9, delete "$4,680" and insert "**$4,320**".
Page 28, line 10, delete "$7,020" and insert "**$6,480**".
Page 28, line 11, delete "$10,920" and insert "**$10,080**".
Page 28, line 12, delete "$15,600" and insert "**$14,400**".
Page 28, line 13, delete "$21,840" and insert "**$20,160**".
Page 28, line 14, delete "$29,640" and insert "**$27,360**".
Page 28, line 15, delete "$37,440" and insert "**$34,560**".
Page 28, line 16, delete "$45,240" and insert "**$41,760**".
Page 28, line 20, delete "three" and insert "**two**".
Page 28, line 20, delete "($1,300)" and insert "**($1,200)**".
Page 28, line 22, reset in roman "four".
Page 28, line 22, delete "five".
Page 28, line 22, delete "twenty" and insert "**eighty**".
Page 28, line 22, delete "($520)" and insert "**($480)**".
Page 28, line 27, delete "$312" and insert "**$288**".
Page 28. line 28, delete "$468" and insert "**$432**".
Page 28, line 29, delete "$1,092" and insert "**$1,008**".
Page 28, line 30, delete "$1,560" and insert "**$1,440**".
Page 28, line 31, delete "$2,184" and insert "**$2,016**".
Page 28, line 32, delete "$2,678" and insert "**$2,472**".

C o p y

Page 28, line 33, delete "$4,680" and insert "**$4,320**".
Page 28, line 34, delete "$7,020" and insert "**$6,480**".
Page 28, line 35, delete "$10,920" and insert "**$10,080**".
Page 28, line 36, delete "$15,600" and insert "**$14,400**".
Page 28, line 37, delete "$21,840" and insert "**$20,160**".
Page 28, line 38, delete "$29,640" and insert "**$27,360**".
Page 28, line 39, delete "$37,440" and insert "**$34,560**".
Page 28, line 40, delete "$45,240" and insert "**$41,760**".
Page 29, line 2, delete "seventy-five".
Page 29, line 2, delete "($975)" and insert "**($900)**".
Page 29, line 4, delete "sixty" and insert "**forty**".
Page 29, line 4, delete "($260)" and insert "**($240)**".
Page 29, line 8, delete "$195" and insert "**$180**".
Page 29, line 9, delete "$390" and insert "**$360**".
Page 29, line 10, delete "$1,300" and insert "**$1,200**".
Page 29, line 11, delete "$2,600" and insert "**$2,400**".
Page 29, line 12, delete "$3,250" and insert "**$3,000**".
Page 29, line 13, delete "$3,900" and insert "**$3,600**".
Page 29, line 14, delete "$4,550" and insert "**$4,200**".
Page 29, line 15, delete "$5,200" and insert "**$4,800**".
Page 29, line 16, delete "$6,500" and insert "**$6,000**".
Page 29, line 17, delete "$8,450" and insert "**$7,800**".
Page 29, line 18, delete "$9,750" and insert "**$9,000**".
Page 29, line 19, delete "$13,000" and insert "**$12,000**".
Page 29, line 20, delete "$14,300" and insert "**$13,200**".
Page 29, line 24, delete "three" and insert "**two**".
Page 29, line 24, delete "($1,300)" and insert "**($1,200)**".
Page 29, line 26, reset in roman "four".
Page 29, line 26, delete "five".
Page 29, line 26, after "hundred" insert "**eighty**".
Page 29, line 26, delete "($520)" and insert "**($480)**".
Page 29, line 32, delete "$312" and insert "**$288**".
Page 29. line 33, delete "$468" and insert "**$432**".
Page 29, line 34, delete "$1,092" and insert "**$1,008**".
Page 29, line 35, delete "$1,560" and insert "**$1,440**".
Page 29, line 36, delete "$2,184" and insert "**$2,016**".
Page 29, line 37, delete "$2,678" and insert "**$2,472**".
Page 29, line 38, delete "$4,680" and insert "**$4,320**".
Page 29, line 39, delete "$7,020" and insert "**$6,480**".
Page 29, line 40, delete "$10,920" and insert "**$10,080**".
Page 29, line 41, delete "$15,600" and insert "**$14,400**".
Page 29, line 42, delete "$21,840" and insert "**$20,160**".

C o p y

Page 30, line 1, delete "$29,640" and insert "**$27,360**".
Page 30, line 2, delete "$37,440" and insert "**$34,560**".
Page 30, line 3, delete "$45,240" and insert "**$41,760**".
Page 30, line 6, delete "thirty" and insert "**twenty**".
Page 30, line 7, delete "($130)" and insert "**($120)**".
Page 30, line 9, delete "thirty" and insert "**twenty**".
Page 30, line 9, delete "($130)" and insert "**($120)**".
Page 30, line13, delete "fifty-five" and insert "**twenty**".
Page 30, line 13, delete "($455)" and insert "**($420)**".
Page 30, between lines 13 and 14, begin a new paragraph and insert:
"SECTION 41. IC 13-18-20-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 16. The fees and delinquency charges established under this chapter:
(1) are payable to the department; and
(2) shall be deposited **as follows:**
(A) Ninety-one and six hundred sixty-six thousandths percent (91.666%) in the environmental management permit operation fund established by IC 13-15-11-1.
(B) Eight and three hundred thirty-four thousandths percent (8.334%) in the state general fund.".
Page 30, line 19, delete "$40,690" and insert "**$37,560**".
Page 30, line 21, delete "$26,000" and insert "**$24,000**".
Page 30, line 23, delete "$40,690" and insert "**$37,560**".
Page 30, line 24, delete "$40,690" and insert "**$37,560**".
Page 30, line 25, delete "$26,000" and insert "**$24,000**".
Page 30, line 27, delete "$15,795" and insert "**$14,580**".
Page 30, line 28, delete "$15,795" and insert "**$14,580**".
Page 30, line 29, delete "$37,245" and insert "**$34,380**".
Page 30, line 31, delete "$650" and insert "**$600**".
Page 30, line 32, delete "$260" and insert "**$240**".
Page 30, line 34, delete "$32.50" and insert "**$30**".
Page 30, line 36, delete "$19,955" and insert "**$18,420**".
Page 30, line 38, delete "$9,295" and insert "**$8,580**".
Page 30, line 40, delete "$19,955" and insert "**$18,420**".
Page 30, line 41, delete "$19,955" and insert "**$18,420**".
Page 30, line 42, delete "$9,295" and insert "**$8,580**".
Page 31, line 2, delete "$2,860" and insert "**$2,640**".
Page 31, line 3, delete "$2,860" and insert "**$2,640**".
Page 31, line 4, delete "$7,670" and insert "**$7,080**".
Page 31, line 5, delete "$260" and insert "**$240**".
Page 31, line 7, delete "$3,250" and insert "**$3,000**".
Page 31, line 13, delete "$45,500" and insert "**$42,000**".

C o p y

Page 31, line 14, delete "$19,500" and insert "**$18,000**".
Page 31, line 15, delete "$9,100" and insert "**$8,400**".
Page 31, line 16, delete "$2,600" and insert "**$2,400**".
Page 31, line 18, delete "$1,950" and insert "**$1,800**".
Page 31, line 20, delete "$45,500" and insert "**$42,000**".
Page 31, line 21, delete "$32,500" and insert "**$30,000**".
Page 31, line 22, delete "$13,000" and insert "**$12,000**".
Page 31, line 24, delete "$2,600" and insert "**$2,400**".
Page 31, line 25, delete "$2,600" and insert "**$2,400**".
Page 31, line 27, delete "$45,500" and insert "**$42,000**".
Page 31, line 28, delete "$19,500" and insert "**$18,000**".
Page 31, line 29, delete "$9,100" and insert "**$8,400**".
Page 31, line 30, delete "$2,600" and insert "**$2,400**".
Page 31, line 32, delete "$6,500" and insert "**$6,000**".
Page 31, line 34, delete "$650" and insert "**$600**".
Page 31, line 36, delete "$32.50" and insert "**$30**".
Page 31, line 40, delete "$325" and insert "**$300**".
Page 32, line 5, delete "$0.13" and insert "**$0.12**".
Page 32, line 7, delete "$0.13" and insert "**$0.12**".
Page 32, line 9, delete "$0.065" and insert "**$0.06**".
Page 32, line 11, delete "$0.13" and insert "**$0.12**".
Page 32, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 80. IC 13-21-12-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. A security issued in connection with a financing under this article, the interest on which is excludable from **adjusted** gross income tax, is exempt from the registration requirements of IC 23.

SECTION 198. IC 13-20-21-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 14. Fees and delinquency charges collected under this chapter:

(1) are payable to the department; and

(2**)** shall be deposited **as follows:**

(A) Ninety-one and six hundred sixty-six thousandths percent (91.666%) in the environmental management permit operation fund established by IC 13-15-11-1.

(B) Eight and three hundred thirty-four thousandths percent (8.334%) in the state general fund.".

Page 32, line 20, delete "$52,780" and insert "**$48,720**".
Page 32, line 21, delete "$28,210" and insert "**$26,040**".
Page 32, line 22, delete "$30,940" and insert "**$28,560**".
Page 32, line 23, delete "$30,940" and insert "**$28,560**".
Page 32, line 26, delete "$44,200" and insert "**$40,800**".

C o p y

Page 32, line 27, delete "$28,210" and insert "**$26,040**".
Page 32, line 28, delete "$22,360" and insert "**$20,640**".
Page 32, line 29, delete "$22,360" and insert "**$20,640**".
Page 32, line 31, delete "$2,925" and insert "**$2,700**".
Page 32, line 36, delete "$48,750" and insert "**$45,000**".
Page 32, line 37, delete "$13,000" and insert "**$12,000**".
Page 32, line 38, delete "$3,250" and insert "**$3,000**".
Page 32, line 39, delete "$13,000" and insert "**$12,000**".
Page 32, line 40, delete "$2,034.50" and insert "**$1,878**".
Page 32, line 41, delete "$1,950" and insert "**$1,800**".
Page 33, line 2, delete "$1,300" and insert "**$1,200**".
Page 33, between lines 2 and 3, begin a new paragraph and insert:

"SECTION 46. IC 13-22-12-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 13. The fees and delinquency charges collected under this chapter:

(1) are payable to the department; and

(2) shall be deposited **as follows:**

(A) Ninety-one and six hundred sixty-six thousandths percent (91.666%) in the environmental management permit operation fund established by IC 13-15-11-1.

(B) Eight and three hundred thirty-four thousandths percent (8.334%) in the state general fund.

SECTION 199. IC 13-23-7-1, AS AMENDED BY P.L.14-2001, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. The underground petroleum storage tank excess liability trust fund is established for the following purposes:

(1) Assisting owners and operators of underground petroleum storage tanks to establish evidence of financial responsibility as required under IC 13-23-4.

(2) Providing a source of money to satisfy liabilities incurred by owners and operators of underground petroleum storage tanks under IC 13-23-13-8 for corrective action.

(3) Providing a source of money for the indemnification of third parties under IC 13-23-9-3.

(4) Providing a source of money to pay for the expenses of the department incurred in paying and administering claims against the trust fund. Money may be provided under this subdivision only for those job activities and expenses that consist exclusively of administering the excess liability trust fund.

(5) Providing a source of money to pay for the expenses of the department incurred in operating and administering a motor vehicle inspection and maintenance program established

C o p y

under IC 13-17-5.

SECTION 200. IC 13-23-7-4, AS AMENDED BY P.L.14-2001, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 4. The expenses of administering:

(1) IC 13-17-5; and

(2) the provisions of this article that are funded by the trust fund, including:

~~(1)~~ **(A)** IC 13-23-8;

~~(2)~~ **(B)** IC 13-23-9;

~~(3)~~ **(C)** IC 13-23-11; and

~~(4)~~ **(D)** IC 13-23-12;

shall be paid from money in the fund.

SECTION 201. IC 13-23-8-1, AS AMENDED BY P.L.14-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. **(a)** The department, under rules adopted by the underground storage tank financial assurance board under IC 4-22-2, shall use money in the excess liability trust fund, to the extent that money is available in the excess liability trust fund, to pay claims submitted to the department for the following:

(1) The payment of the costs allowed under IC 13-23-9-2, excluding:

(A) liabilities to third parties; and

(B) the costs of repairing or replacing an underground storage tank;

arising out of releases of petroleum.

(2) Providing payment of part of the liability of owners and operators of underground petroleum storage tanks:

(A) to third parties under IC 13-23-9-3; or

(B) for reasonable attorney's fees incurred in defense of a third party liability claim.

(b) The department may use money in the excess liability trust fund, to the extent that money is available in the excess liability trust fund, to pay for all or part of the expenses incurred in operating and administering a motor vehicle inspection and maintenance program established under IC 13-17-5.

SECTION 202. IC 16-28-11-1, AS AMENDED BY P.L.218-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. Except as provided in IC 16-28-1-11, ~~and~~ IC 16-28-7-4, **and section 4 of this chapter,** fines or fees required to be paid under this article shall be paid directly to the director, who shall deposit the fines or fees in the state general fund.

SECTION 203. IC 16-28-11-4 IS ADDED TO THE INDIANA

C o p y

CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 4. A health facility shall pay the fee required under IC 12-15-14.5.**

SECTION 204. IC 16-33-4-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 17. (a) Each child, the estate of the child, the parent or parents of the child, or the guardian of the child, individually or collectively, are liable for the payment of the costs of maintenance of the child of up to one hundred percent (100%) of the per capita cost, except as otherwise provided. The cost shall be computed annually by dividing the total annual cost of operation for the fiscal year, exclusive of the cost of education programs, construction, and equipment, by the total child days each year. The maintenance cost shall be referred to as maintenance charges. The charge may not be levied against any of the following:

(1) The division of family and children or the county office of family and children. ~~to be derived from county tax sources.~~

(2) A child orphaned by reason of the death of the natural parents.

(b) The billing and collection of the maintenance charges as provided for in subsection (a) shall be made by the superintendent of the home based on the per capita cost for the preceding fiscal year. All money collected shall be deposited in a fund to be known as the Indiana soldiers' and sailors' children's home maintenance fund. The fund shall be used by the state health commissioner for the:

(1) preventative maintenance; and

(2) repair and rehabilitation;

of buildings of the home that are used for housing, food service, or education of the children of the home.

(c) The superintendent of the home may, with the approval of the state health commissioner, agree to accept payment at a lesser rate than that prescribed in subsection (a). The superintendent of the home shall, in determining whether or not to accept the lesser amount, take into consideration the amount of money that is necessary to maintain or support any member of the family of the child. All agreements to accept a lesser amount are subject to cancellation or modification at any time by the superintendent of the home with the approval of the state health commissioner.

(d) A person who has been issued a statement of amounts due as maintenance charges may petition the superintendent of the home for a release from or modification of the statement and the superintendent shall provide for hearings to be held on the petition. The superintendent of the home may, with the approval of the state health commissioner and after the hearing, cancel or modify the former statement and at any

C o p y

time for due cause may increase the amounts due for maintenance charges to an amount not to exceed the maximum cost as determined under subsection (a).

(e) The superintendent of the home may arrange for the establishment of a graduation or discharge trust account for a child by arranging to accept a lesser rate of maintenance charge. The trust fund must be of sufficient size to provide for immediate expenses upon graduation or discharge.

(f) The superintendent may make agreements with instrumentalities of the federal government for application of any monetary awards to be applied toward the maintenance charges in a manner that provides a sufficient amount of the periodic award to be deposited in the child's trust account to meet the immediate personal needs of the child and to provide a suitable graduation or discharge allowance. The amount applied toward the settlement of maintenance charges may not exceed the amount specified in subsection (a).

(g) The superintendent of the home may do the following:

(1) Investigate, either with the superintendent's own staff or on a contractual or other basis, the financial condition of each person liable under this chapter.

(2) Make determinations of the ability of:

(A) the estate of the child;

(B) the legal guardian of the child; or

(C) each of the responsible parents of the child;

to pay maintenance charges.

(3) Set a standard as a basis of judgment of ability to pay that shall be recomputed periodically to do the following:

(A) Reflect changes in the cost of living and other pertinent factors.

(B) Provide for unusual and exceptional circumstances in the application of the standard.

(4) Issue to any person liable under this chapter statements of amounts due as maintenance charges, requiring the person to pay monthly, quarterly, or otherwise as may be arranged, an amount not exceeding the maximum cost as determined under this chapter.

SECTION 205. IC 16-35-2-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 10. The state department shall use money appropriated from the state general fund for services to children with special health care needs to pay the expenses and obligations incurred by the state department for**

C o p y

services to children with special health care needs.

SECTION 206. IC 16-42-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) An organization that is exempt from the ~~Indiana~~ **state** gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20 through IC 6-2.1-3-22~~ **IC 6-2.5-5-21(b)(1)(B), IC 6-2.5-5-21(b)(1)(C), or IC 6-2.5-5-21(b)(1)(D)** and that offers food for sale to the final consumer at an event held for the benefit of the organization is exempt from complying with the requirements of this chapter that may be imposed upon the sale of food at that event if the following conditions are met:

(1) Members of the organization prepare the food that will be sold.

(2) Events conducted by the organization under this section take place for not more than thirty (30) days in a calendar year.

(3) The name of each member who has prepared a food item is attached to the container in which the food item has been placed.

(b) This section does not prohibit an exempted organization from waiving the exemption and applying for a license under this chapter.

SECTION 207. IC 20-3-11-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 20. **(a)** Each such board of school commissioners may from time to time, whenever its general fund shall be exhausted or in the board's judgment be in danger of exhaustion, make temporary loans for the use of its general fund to be paid out of the:

(1) proceeds of taxes theretofore levied by such school city for its general fund; **and**

(2) anticipated state tuition support distributions.

The amount so borrowed in aid of said general fund shall be paid into said general fund and may be used for any purpose for which the said general fund lawfully may be used.

(b) Any such temporary loan shall be evidenced by the promissory note or notes of said school city, shall bear interest at not more than seven per cent (7%) per annum, interest payable at the maturity of the note or periodically, as the note may express, and shall mature at such time or times as the board of school commissioners may decide, but not later than one (1) year from the date of the note. No such loan or loans made in any one (1) calendar year shall be for a sum greater than the amount estimated by said board as the:

(1) proceeds to be received by it from the levy of taxes theretofore made by said school city in behalf of; **and**

(2) amount of state tuition support distributions estimated to be received for and distributed to;

C o p y

its said general fund.

(c) Successive loans may be made in aid of said general fund in any calendar year, but the aggregate amount thereof, outstanding at any one (1) time, shall not exceed such estimated:

(1) proceeds of taxes levied in behalf of; **and**

(2) state tuition support distributions to be received for and distributed to;

the said general fund.

(d) No such loan shall be made until notice asking for bids therefor shall have been given by newspaper publication, which publication shall be made one (1) time in a newspaper published in said city and said publication shall be at least seven (7) days before the time when bids for such loans will be opened. Bidders shall name the amount of interest they agree to accept not exceeding seven per cent (7%) per annum, and the loan shall be made to the bidder or bidders bidding the lowest rate of interest. The note or notes or warrants shall not be delivered until the full price of the face thereof shall be paid to the treasurer of said school city, and no interest shall accrue thereon before such delivery.

(e) Any such school corporation wishing to make a temporary loan in aid of its general fund, finding that it has need to exercise the power in this section above given to make a temporary loan, which has in its treasury money derived from the sale of bonds, which money derived from the sale of bonds can not or will not, in the due course of the business of said school city, be expended in the then near future, may, if it so elects, temporarily borrow, and without payment of interest, from such bond fund, for the use and aid of said general fund in the manner and to the extent hereinafter expressed, viz.: Such school city shall, by its board of school commissioners, take all the steps required by law to effect such temporary loan up to the point of advertising for bids or offers for such loans. It shall then present to the ~~state board of tax commissioners of the state of Indiana,~~ **department of local government finance,** and to the state board of accounts of the state of Indiana, a copy of the corporate action of said school city concerning its desire to make such temporary loan and a petition showing the particular need for such temporary loan, and the amount and the date or dates when said general fund will need such temporary loan, or instalments of such loan, and the date at which such loan, and each instalment thereof, will be needed, and the estimated amounts from taxes **and state tuition support** to come into said general fund, and the dates when it is expected such proceeds of taxes **and state tuition support** will be received by such school city in behalf of said general

C o p y

fund, and showing what amount of money said school city has in any fund derived from the proceeds of the sale of bonds, which can not or will not be expended in the then near future, and showing when and to what extent and why money in such bond fund, not soon to be expended, will not be expended in the then near future and requesting that said ~~state board of tax commissioners,~~ **department of local government finance** and said state board of accounts, respectively, authorize a temporary loan from said bond fund in aid of said general fund.

(f) If said ~~state board of tax commissioners~~ **department of local government finance** shall find and order that there is need for such temporary loan, and that it should be made, and said state board of accounts shall find that the money proposed to be borrowed will not be needed during the period of the temporary loan by the fund from which it is to be borrowed, and ~~said two (2) state boards~~ **the department of local government finance and the state board of accounts** shall approve the loan, the business manager and treasurer of said school city shall, upon such approval by said two (2) state boards, take all steps necessary to transfer the amount of such loans, as a temporary loan from the fund to be borrowed from, to said general fund of such school city. The loan so effected shall, for all purposes, be a debt of the school city chargeable against its constitutional debt limit.

~~Such two (2) state boards~~ **(g) The department of local government finance and the state board of accounts** may fix the aggregate amount so to be borrowed on any one (1) petition and shall determine at what time or times and in what instalments and for what periods it shall be borrowed. The treasurer and business manager of such school city, from time to time, as money shall be collected from taxes levied in behalf of said general fund, shall credit the same on such loan until the amount borrowed is fully repaid to the lending fund, and they shall at the end of each calendar month report to the board the several amounts so applied from taxes **and state tuition support** to the payment of such loan.

(h) The school city shall, as often as once a month, report to ~~both of said state boards~~ **the department of local government finance and the state board of accounts** the amount of money then so borrowed and unpaid, the anticipated like borrowings of the current month, the amount left in the said general fund, and the anticipated drafts upon the lending bond fund for the objects for which that fund was created.

~~Said two (2) state boards, or either of them,~~ **(i) The department of local government finance or the state board of accounts, or both,** may, if it ~~shall seem to said boards, or to either of them,~~ **seems to the**

C o p y

department of local government finance or the state board of accounts, or both, that the fund from which the loan was made requires the repayment of all or of part of such loan(s) before its maturity or said general fund no longer requires all or some part of the proceeds of such loan, require such school city to repay all or any part of such loan, and, if necessary to perform the requirement, such school city shall exercise its power of making a temporary loan procured from others to raise the money so needed to repay the lending bond fund the amount so ordered repaid.

SECTION 208. IC 20-5-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. If the governing board shall find, by written resolution, that an emergency exists which requires the expenditure of any money for any lawful corporate purpose which was not included in its existing budget and tax levy, it may authorize the making of an emergency loan which may be evidenced by the issuance of its note or notes in the same manner and subject to the same procedure and restrictions as provided for the issuance of its bonds, except as to purpose. At the time for making the next annual budget and tax levy for such school corporation, the governing body shall:

(1) make a levy;

(2) pledge an amount from the school corporation's anticipated state tuition support distribution; or

(3) do both of the actions under subdivisions (1) and (2);

to the credit of the fund for which such expenditure is made sufficient to pay such debt and the interest thereon; however, the interest on the loan may be paid from the debt service fund.

SECTION 209. IC 20-5-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 8. (a) Whenever the governing board of a school corporation finds and declares that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund before the receipt of revenues from taxes levied or state tuition support distributions for such fund, the governing board may issue warrants in anticipation of the receipt of:

(1) said revenues;

(2) state tuition support distributions; or

(3) both items listed in subdivisions (1) and (2).

(b) The principal of these warrants shall be payable solely from the fund for which the taxes are levied or from the general fund in the case of anticipated state tuition support distributions. However, the interest on these warrants may be paid from the debt service fund, from the fund for which the taxes are levied, or the general fund in the case of

C o p y

anticipated state tuition support distributions.

(c) The amount of principal of temporary loans maturing on or before June 30 for any fund shall not exceed eighty percent (80%) of the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund at the June settlement.

(d) The amount of principal of temporary loans maturing after June 30, and on or before December 31, shall not exceed eighty percent (80%) of the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund at the December settlement.

(e) At each settlement, the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund includes any allocations to the fund from the property tax replacement fund.

(f) The estimated amount of taxes and state tuition support distributions to be collected or received and distributed shall be made by the county auditor or the auditor's deputy. The warrants evidencing any loan in anticipation of tax revenue, ~~or~~ state tuition support distributions, **or both tax revenue and state tuition support distributions,** shall not be delivered to the purchaser of the warrant nor payment made on the warrant before January 1 of the year the loan is to be repaid. However, the proceedings necessary to the loan may be held and carried out before January 1 and before the approval. The loan may be made even though a part of the last preceding June or December settlement has not yet been received.

(g) Proceedings for the issuance and sale of warrants for more than one (1) fund may be combined, but separate warrants for each fund shall be issued and each warrant shall state on its face the fund from which its principal is payable. No action to contest the validity of such warrants shall be brought later than fifteen (15) days from the first publication of notice of sale.

(h) No issue of tax or state tuition support anticipation warrants shall be made if the aggregate of all these warrants exceed twenty thousand dollars ($20,000) until the issuance is advertised for sale, bids received, and an award made by the governing board as required for the sale of bonds, except that the sale notice need not be published outside of the county nor more than ten (10) days before the date of sale.".

Page 33, between lines 8 and 9, begin a new paragraph and insert:

"SECTION 87. IC 20-14-10-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. All property owned by a lessor corporation contracting with a public corporation or

C o p y

corporations under this chapter, and all stock and other securities including the interest or dividends issued by a lessor corporation, are exempt from all state, county, and other taxes, ~~including gross income taxes, but~~ excluding the financial institutions tax and the inheritance taxes. ~~The rental paid to a lessor corporation under the terms of a lease is exempt from gross income tax.~~

SECTION 210. IC 21-2-4-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 7. The governing body of a school corporation may adopt a resolution to transfer money that is:**

(1) not greater than the amount described in IC 21-3-1.7-8 STEP TWO (C); and

(2) on deposit in the school corporation's debt service fund;

to the school corporation's general fund.

SECTION 211. IC 21-2-11.5-5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 5. The governing body of a school corporation may adopt a resolution to transfer money that is:**

(1) not greater than the amount described in IC 21-3-1.7-8 STEP TWO (C); and

(2) on deposit in the school corporation's:

(A) transportation fund;

(B) school bus replacement fund; or

(C) both the transportation fund and school bus replacement fund;

to the school corporation's general fund.

SECTION 212. IC 21-2-12-6.1, AS AMENDED BY P.L.3-2000, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6.1. (a) The county supplemental school financing tax revenues shall be deposited in the county supplemental school distribution fund. In addition, for purposes of allocating distributions of tax revenues collected under ~~IC 6-5-10, IC 6-5-11,~~ IC 6-5.5, IC 6-6-5, IC 6-6-5.5, or IC 6-6-6.5, the county supplemental school financing tax shall be treated as if it were property taxes imposed by a separate taxing unit. Thus, the appropriate portion of those distributions shall be deposited in the county supplemental school distribution fund.

(b) The entitlement of each school corporation from the county supplemental school distribution fund for each calendar year after 2000 shall be the greater of:

(1) the amount of its entitlement for the calendar year 2000 from the tax levied under this chapter; or

C o p y

(2) an amount equal to twenty-seven dollars and fifty cents ($27.50) times its ADM.

SECTION 213. IC 21-2-15-13.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 13.1. The governing body of a school corporation may adopt a resolution to transfer money that is:**

(1) not greater than the amount described in IC 21-3-1.7-8 STEP TWO (C); and

(2) on deposit in the school corporation's capital projects fund;

to the school corporation's general fund.".

Page 34, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 92. IC 21-3-1.7-2, AS AMENDED BY P.L.181-1999, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. As used in this chapter, "excise tax revenue" means the amount of:

(1) financial institution excise tax revenue ~~(IC 6-5-10, IC 6-5-11, IC 6-5-12) (or the amount of any distribution by the state to replace these taxes);~~ **(IC 6-5.5);** plus

(2) the motor vehicle excise taxes (IC 6-6-5) and the commercial vehicle excise taxes (IC 6-6-5.5);

the school corporation received for deposit in the school corporation's general fund in a year.

SECTION 214. IC 21-3-1.7-6.8, AS AMENDED BY P.L.291-2001, SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6.8. **(a) Except as provided in subsection (b),** a school corporation's target general fund property tax rate for purposes of IC 6-1.1-19-1.5 is the result determined under STEP THREE of the following formula:

STEP ONE: This STEP applies only if the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter minus the result determined in STEP ONE of the formula in section 6.7(b) of this chapter is greater than zero (0). Determine the result under clause (E) of the following formula:

(A) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(B) Divide the clause (A) result by ten thousand (10,000).

(C) Determine the greater of the following:

(i) The clause (B) result.

(ii) Thirty-nine dollars ($39) in 2002 and thirty-nine dollars and seventy-five cents ($39.75) in 2003.

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(D) Determine the result determined under item (ii) of the following formula:

(i) Subtract the result determined in STEP ONE of the formula in section 6.7(b) of this chapter from the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter.

(ii) Divide the item (i) result by the school corporation's current ADM.

(E) Divide the clause (D) result by the clause (C) result.

(F) Divide the clause (E) result by one hundred (100).

STEP TWO: This STEP applies only if the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter is equal to STEP ONE of the formula in section 6.7(b) of this chapter and the result of clause (A) is greater than zero (0). Determine the result under clause (G) of the following formula:

(A) Add the following:

(i) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(ii) The original amount of any excessive tax levy the school corporation imposed as a result of the passage, during the preceding year, of a referendum under IC 6-1.1-19-4.5(c) for taxes first due and payable during the year.

(iii) The portion of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

(B) Divide the clause (A) result by the school corporation's current ADM.

(C) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(D) Divide the clause (C) result by ten thousand (10,000).

(E) Determine the greater of the following:

(i) The clause (D) result.

(ii) Thirty-nine dollars ($39) in 2002 and thirty-nine dollars and seventy-five cents ($39.75) in 2003.

(F) Divide the clause (B) result by the clause (E) amount.

(G) Divide the clause (F) result by one hundred (100).

STEP THREE: Determine the sum of:

(A) ninety-one and eight-tenths cents ($0.918) in 2002; and

(B) ninety-five and eight-tenths cents ($0.958) in 2003; and

C o p y

if applicable, the STEP ONE or STEP TWO result.

(b) This subsection applies to calendar years beginning after December 31, 2003. A school corporation's target general fund property tax rate for purposes of IC 6-1.1-19-1.5 is equal to the result determined under subsection (a) multiplied by five-tenths (0.5).".

Page 35, line 8, delete "(0.5)." and insert "**(0.5); minus**

(D) for calendar year 2004, the sum of:

(i) the school corporation's tuition support levy; plus

(ii) the school corporation's excise tax revenue for the year immediately preceding the current year divided by two (2).".

Page 35, between lines 41 and 42, begin a new paragraph and insert:

SECTION 215. IC 21-4-20-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. Whenever it is found by the board of school trustees or other proper authorities of any school city or school town that an emergency exists for the borrowing of money with which to meet the current expenses of the schools of such school town or school city, the board of school trustees or other proper authorities of such school city or school town may make temporary loans in anticipation of the current revenues of such school town or school city to an amount not exceeding fifty per cent (50%) of the amount of:

(1) taxes actually levied and in the course of collection; **and**

(2) state tuition support received;

for the fiscal year in which such loans are made. Revenues shall be deemed to be current and taxes shall be deemed to have been actually levied and in the course of collection when the budget levy and rate shall have been finally approved by the ~~state board of tax commissioners: Provided,~~ **department of local government finance.** However, ~~That~~ in all second and third class school cities, no such loans shall be borrowed in excess of the sum of twenty thousand dollars ($20,000) until the letting of the same shall have been advertised once each week for two (2) successive weeks in two (2) newspapers of general circulation published in such school city, and until sealed bids have been submitted at a regular meeting of the school board of such school city, pursuant to such notices, stipulating the rate of interest to be charged by such bidder. ~~and Provided, further, That~~ Such school loans shall be made with the bidder submitting the lowest rate of interest and submitting with ~~his~~ **the bidder's** bid an affidavit showing that no collusion exists between ~~himself~~ **the bidder** and any other bidder for such loan.

C o p y

SECTION 216. IC 21-5-11-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. All property owned by a lessor corporation so contracting with such school corporation or corporations under the provisions of this chapter, and all stock and other securities including the interest or dividends thereon issued by a lessor corporation, shall be exempt from all state, county, and other taxes, ~~including the gross income tax,~~ except, however, the financial institutions tax **(IC 6-5.5)** and inheritance taxes ~~The rental paid to a lessor corporation under the terms of such a contract of lease shall be exempt from the gross income tax.~~ **(IC 6-4.1).**

SECTION 217. IC 25-37-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. Any transient merchant desiring to transact business in any county in this state shall file application for a license for that purpose with the auditor of the county in this state in which such transient merchant desires to do business. The application shall state the following facts:

(a) The name, residence and post-office address of the person, firm, limited liability company, or corporation making the application, and if a firm, limited liability company, or corporation, the name and address of the members of the firm or limited liability company, or officers of the corporation, as the case may be.

(b) If the applicant is a corporation or limited liability company then there shall be stated on the application form the date of incorporation or organization, the state of incorporation or organization, and if the applicant is a corporation or limited liability company formed in a state other than the state of Indiana, the date on which such corporation or limited liability company qualified to transact business as a foreign corporation or foreign limited liability company in the state of Indiana.

(c) A statement showing the kind of business proposed to be conducted, the length of time for which the applicant desires to transact business, and if for the purpose of transacting such business any permanent or mobile building, structure or real estate is to be used for the exhibition by means of samples, catalogues, photographs and price lists or sale of goods, wares or merchandise, the location of such proposed place of business.

(d) A detailed inventory and description of such goods, wares, and merchandise to be offered for sale or sold, the manner in which the same is to be advertised for sale and the representations to be made in connection therewith, the names of the persons from whom the goods, wares, and merchandise so to be advertised or represented were obtained, the date of receipt of such goods, wares, and merchandise by the applicant for the license, the place from which the same were last

C o p y

taken, and any and all details necessary to locate and identify all goods, wares and merchandise to be sold.

(e) Attached to the application shall be a receipt showing that personal property taxes on the goods, wares and merchandise to be offered for sale or sold have been paid.

(f) Attached to the application shall be a copy of a notice, which ten (10) days before said application has been filed, shall have been mailed by registered mail by the applicant to the Indiana department of state revenue. ~~of the state of Indiana or such other department as may be charged with the duty of collecting gross income taxes or other taxes of a comparable nature or which may be in lieu of such gross income taxes.~~ The said notice shall state the precise period of time and location from which said applicant intends to transact business, the approximate value of the goods, wares, and merchandise to be offered for sale or sold, and such other information as the Indiana department of state revenue of the state of Indiana or its successor may request or by regulation require.

(g) Said application shall be verified.

SECTION 218. IC 27-1-18-2, AS AMENDED BY P.L.144-2000, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Every insurance company not organized under the laws of this state, and each domestic company electing to be taxed under this section, and doing business within this state shall, on or before March 1 of each year, report to the department, under the oath of the president and secretary, the gross amount of all premiums received by it on policies of insurance covering risks within this state, or in the case of marine or transportation risks, on policies made, written, or renewed within this state during the twelve (12) month period ending on December 31 of the preceding calendar year. From the amount of gross premiums described in this subsection shall be deducted:

(1) considerations received for reinsurance of risks within this state from companies authorized to transact an insurance business in this state;

(2) the amount of dividends paid or credited to resident insureds, or used to reduce current premiums of resident insureds;

(3) the amount of premiums actually returned to residents on account of applications not accepted or on account of policies not delivered; and

(4) the amount of unearned premiums returned on account of the cancellation of policies covering risks within the state.

(b) A domestic company shall be taxed under this section only in

C o p y

each calendar year with respect to which it files a notice of election. The notice of election shall be filed with the insurance commissioner and the commissioner of the department of state revenue on or before November 30 in each year and shall state that the domestic company elects to submit to the tax imposed by this section with respect to the calendar year commencing January 1 next following the filing of the notice. The exemption from license fees, privilege, or other taxes accorded by this section to insurance companies not organized under the laws of this state and doing business within this state which are taxed under this chapter shall be applicable to each domestic company in each calendar year with respect to which it is taxed under this section. In each calendar year with respect to which a domestic company has not elected to be taxed under this section it shall be taxed without regard to this section.

(c) For the privilege of doing business in this state, every insurance company required to file the report provided in this section shall pay into the treasury of this state an amount equal to the excess, if any, of the gross premiums over the allowable deductions multiplied by the following rate for the year that the report covers:

(1) For 2000, two percent (2%).

(2) For 2001, one and nine-tenths percent (1.9%).

(3) For 2002, one and eight-tenths percent (1.8%).

(4) For 2003, one and ~~seven-tenths~~ **eight-tenths** percent ~~(1.7%).~~ **(1.8%).**

(5) For 2004, one and ~~five-tenths~~ **eight-tenths** percent ~~(1.5%).~~ **(1.8%).**

(6) For 2005, ~~and thereafter,~~ one and ~~three-tenths~~ **seven-tenths** percent ~~(1.3%).~~ **(1.7%).**

(7) For 2006, one and five-tenths percent (1.5%).

(8) For 2007 and thereafter, one and three-tenths percent (1.3%).

(d) Payments of the tax imposed by this section shall be made on a quarterly estimated basis. The amounts of the quarterly installments shall be computed on the basis of the total estimated tax liability for the current calendar year and the installments shall be due and payable on or before April 15, June 15, September 15, and December 15, of the current calendar year.

(e) Any balance due shall be paid in the next succeeding calendar year at the time designated for the filing of the annual report with the department.

(f) Any overpayment of the estimated tax during the preceding calendar year shall be allowed as a credit against the liability for the

C o p y

first installment of the current calendar year.

(g) In the event a company subject to taxation under this section fails to make any quarterly payment in an amount equal to at least:

(1) twenty-five percent (25%) of the total tax paid during the preceding calendar year; or

(2) twenty per cent (20%) of the actual tax for the current calendar year;

the company shall be liable, in addition to the amount due, for interest in the amount of one percent (1%) of the amount due and unpaid for each month or part of a month that the amount due, together with interest, remains unpaid. This interest penalty shall be exclusive of and in addition to any other fee, assessment, or charge made by the department.

(h) The taxes under this article shall be in lieu of all license fees or privilege or other tax levied or assessed by this state or by any municipality, county, or other political subdivision of this state. No municipality, county, or other political subdivision of this state shall impose any license fee or privilege or other tax upon any insurance company or any of its agents for the privilege of doing an insurance business therein, except the tax authorized by IC 22-12-6-5. However, the taxes authorized under IC 22-12-6-5 shall be credited against the taxes provided under this chapter. This section shall not be construed to prohibit the levy and collection of state, county, or municipal taxes upon real and tangible personal property of such company, or to prohibit the levy of any retaliatory tax, fine, penalty, or fee provided by law. However, all insurance companies, foreign or domestic, paying taxes in this state predicated in part on their premium income from policies sold and premiums received in Indiana, shall have the same rights and privileges from further taxation and shall be given the same credits wherever applicable, as those set out for those companies paying only a tax on premiums as set out in this section.

(i) Any insurance company failing or refusing, for more than thirty (30) days, to render an accurate account of its premium receipts as provided in this section and pay the tax due thereon shall be subject to a penalty of one hundred dollars ($100) for each additional day such report and payment shall be delayed, not to exceed a maximum penalty of ten thousand dollars ($10,000). The penalty may be ordered by the commissioner after a hearing under IC 4-21.5-3. The commissioner may revoke all authority of such defaulting company to do business within this state, or suspend such authority during the period of such default, in the discretion of the commissioner.

SECTION 219. IC 27-6-8-15 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) Member insurers, which during any preceding calendar year shall have paid one (1) or more assessments levied pursuant to section 7 of this chapter, shall be allowed a credit against premium taxes, ~~corporate gross income taxes,~~ adjusted gross income taxes, ~~supplemental corporate net income tax,~~ **business franchise taxes,** or any combination thereof, ~~or similar taxes~~ upon revenue or income of member insurers which may be imposed by the state, up to twenty percent (20%) of the assessment described in section 7 of this chapter for each calendar year following the year the assessment was paid until the aggregate of all assessments paid to the guaranty association shall have been offset by either credits against such taxes or refunds from the association. The provisions herein are applicable to all assessments levied after the passage of this article.

(b) To the extent a member insurer elects not to utilize the tax credits authorized by subsection (a), the member insurer may utilize the provisions of ~~this~~ subsection (c) as a secondary method of recoupment.

(c) The rates and premiums charged for insurance policies to which this chapter applies shall include amounts sufficient to recoup a sum equal to the amounts paid to the association by the member insurer less any amounts returned to the member insurer by the association and the rates shall not be deemed excessive because they contain an amount reasonably calculated to recoup assessments paid by the member insurer.

SECTION 220. IC 27-8-8-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 16. Member insurers who, during any preceding calendar year, have paid one (1) or more assessments levied under this chapter may either:

(1) take as a credit against premium taxes, ~~gross income taxes,~~ adjusted gross income taxes, ~~supplemental corporate net income tax,~~ **business franchise taxes,** or any combination of them, ~~or similar taxes~~ upon revenue or income of member insurers that may be imposed by Indiana up to twenty percent (20%) of an assessment described in section 6 of this chapter for each calendar year following the year in which those assessments were paid until the aggregate of those assessments have been offset by either credits against those taxes or refunds from the association; or

(2) include in the rates and premiums charged for insurance policies to which this chapter applies amounts sufficient to recoup a sum equal to the amounts paid to the association by the member less any amounts returned to the member insurer by the association and the rates are not excessive by virtue of including

C o p y

an amount reasonably calculated to recoup assessments paid by the member.

SECTION 221. IC 27-8-10-2.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.1. (a) There is established a nonprofit legal entity to be referred to as the Indiana comprehensive health insurance association, which must assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the association for coverage. All carriers, health maintenance organizations, limited service health maintenance organizations, and self-insurers providing health insurance or health care services in Indiana must be members of the association. The association shall operate under a plan of operation established and approved under subsection (c) and shall exercise its powers through a board of directors established under this section.

(b) The board of directors of the association consists of seven (7) members whose principal residence is in Indiana selected as follows:

(1) Three (3) members to be appointed by the commissioner from the members of the association, one (1) of which must be a representative of a health maintenance organization.

(2) Two (2) members to be appointed by the commissioner shall be consumers representing policyholders.

(3) Two (2) members shall be the state budget director or designee and the commissioner of the department of insurance or designee.

The commissioner shall appoint the chairman of the board, and the board shall elect a secretary from its membership. The term of office of each appointed member is three (3) years, subject to eligibility for reappointment. Members of the board who are not state employees may be reimbursed from the association's funds for expenses incurred in attending meetings. The board shall meet at least semiannually, with the first meeting to be held not later than May 15 of each year.

(c) The association shall submit to the commissioner a plan of operation for the association and any amendments to the plan necessary or suitable to assure the fair, reasonable, and equitable administration of the association. The plan of operation becomes effective upon approval in writing by the commissioner consistent with the date on which the coverage under this chapter must be made available. The commissioner shall, after notice and hearing, approve the plan of operation if the plan is determined to be suitable to assure the fair, reasonable, and equitable administration of the association and provides for the sharing of association losses on an equitable, proportionate basis among the member carriers, health maintenance

C o p y

organizations, limited service health maintenance organizations, and self-insurers. If the association fails to submit a suitable plan of operation within one hundred eighty (180) days after the appointment of the board of directors, or at any time thereafter the association fails to submit suitable amendments to the plan, the commissioner shall adopt rules under IC 4-22-2 necessary or advisable to implement this section. These rules are effective until modified by the commissioner or superseded by a plan submitted by the association and approved by the commissioner. The plan of operation must:

(1) establish procedures for the handling and accounting of assets and money of the association;

(2) establish the amount and method of reimbursing members of the board;

(3) establish regular times and places for meetings of the board of directors;

(4) establish procedures for records to be kept of all financial transactions, and for the annual fiscal reporting to the commissioner;

(5) establish procedures whereby selections for the board of directors will be made and submitted to the commissioner for approval;

(6) contain additional provisions necessary or proper for the execution of the powers and duties of the association; and

(7) establish procedures for the periodic advertising of the general availability of the health insurance coverages from the association.

(d) The plan of operation may provide that any of the powers and duties of the association be delegated to a person who will perform functions similar to those of this association. A delegation under this section takes effect only with the approval of both the board of directors and the commissioner. The commissioner may not approve a delegation unless the protections afforded to the insured are substantially equivalent to or greater than those provided under this chapter.

(e) The association has the general powers and authority enumerated by this subsection in accordance with the plan of operation approved by the commissioner under subsection (c). The association has the general powers and authority granted under the laws of Indiana to carriers licensed to transact the kinds of health care services or health insurance described in section 1 of this chapter and also has the specific authority to do the following:

(1) Enter into contracts as are necessary or proper to carry out this

C o p y

chapter, subject to the approval of the commissioner.

(2) Sue or be sued, including taking any legal actions necessary or proper for recovery of any assessments for, on behalf of, or against participating carriers.

(3) Take legal action necessary to avoid the payment of improper claims against the association or the coverage provided by or through the association.

(4) Establish a medical review committee to determine the reasonably appropriate level and extent of health care services in each instance.

(5) Establish appropriate rates, scales of rates, rate classifications and rating adjustments, such rates not to be unreasonable in relation to the coverage provided and the reasonable operational expenses of the association.

(6) Pool risks among members.

(7) Issue policies of insurance on an indemnity or provision of service basis providing the coverage required by this chapter.

(8) Administer separate pools, separate accounts, or other plans or arrangements considered appropriate for separate members or groups of members.

(9) Operate and administer any combination of plans, pools, or other mechanisms considered appropriate to best accomplish the fair and equitable operation of the association.

(10) Appoint from among members appropriate legal, actuarial, and other committees as necessary to provide technical assistance in the operation of the association, policy and other contract design, and any other function within the authority of the association.

(11) Hire an independent consultant.

(12) Develop a method of advising applicants of the availability of other coverages outside the association and may promulgate a list of health conditions the existence of which would deem an applicant eligible without demonstrating a rejection of coverage by one (1) carrier.

(13) Provide for the use of managed care plans for insureds, including the use of:

(A) health maintenance organizations; and

(B) preferred provider plans.

(14) Solicit bids directly from providers for coverage under this chapter.

(f) Rates for coverages issued by the association may not be unreasonable in relation to the benefits provided, the risk experience,

C o p y

and the reasonable expenses of providing the coverage. Separate scales of premium rates based on age apply for individual risks. Premium rates must take into consideration the extra morbidity and administration expenses, if any, for risks insured in the association. The rates for a given classification may not be more than one hundred fifty percent (150%) of the average premium rate for that class charged by the five (5) carriers with the largest premium volume in the state during the preceding calendar year. In determining the average rate of the five (5) largest carriers, the rates charged by the carriers shall be actuarially adjusted to determine the rate that would have been charged for benefits identical to those issued by the association. All rates adopted by the association must be submitted to the commissioner for approval.

(g) Following the close of the association's fiscal year, the association shall determine the net premiums, the expenses of administration, and the incurred losses for the year. Any net loss shall be assessed by the association to all members in proportion to their respective shares of total health insurance premiums, excluding premiums for Medicaid contracts with the state of Indiana, received in Indiana during the calendar year (or with paid losses in the year) coinciding with or ending during the fiscal year of the association or any other equitable basis as may be provided in the plan of operation. For self-insurers, health maintenance organizations, and limited service health maintenance organizations that are members of the association, the proportionate share of losses must be determined through the application of an equitable formula based upon claims paid, excluding claims for Medicaid contracts with the state of Indiana, or the value of services provided. In sharing losses, the association may abate or defer in any part the assessment of a member, if, in the opinion of the board, payment of the assessment would endanger the ability of the member to fulfill its contractual obligations. The association may also provide for interim assessments against members of the association if necessary to assure the financial capability of the association to meet the incurred or estimated claims expenses or operating expenses of the association until the association's next fiscal year is completed. Net gains, if any, must be held at interest to offset future losses or allocated to reduce future premiums. Assessments must be determined by the board members specified in subsection (b)(1), subject to final approval by the commissioner.

(h) The association shall conduct periodic audits to assure the general accuracy of the financial data submitted to the association, and the association shall have an annual audit of its operations by an independent certified public accountant.

C o p y

(i) The association is subject to examination by the department of insurance under IC 27-1-3.1. The board of directors shall submit, not later than March 30 of each year, a financial report for the preceding calendar year in a form approved by the commissioner.

(j) All policy forms issued by the association must conform in substance to prototype forms developed by the association, must in all other respects conform to the requirements of this chapter, and must be filed with and approved by the commissioner before their use.

(k) The association may not issue an association policy to any individual who, on the effective date of the coverage applied for, does not meet the eligibility requirements of section 5.1 of this chapter.

(l) The association shall pay an agent's referral fee of twenty-five dollars ($25) to each insurance agent who refers an applicant to the association if that applicant is accepted.

(m) The association and the premium collected by the association shall be exempt from the premium tax, ~~the gross income tax,~~ the adjusted gross income tax, ~~supplemental corporate net income,~~ or any combination of these, ~~or similar taxes~~ upon revenues or income that may be imposed by the state.

(n) Members who after July 1, 1983, during any calendar year, have paid one (1) or more assessments levied under this chapter may either:

(1) take a credit against premium taxes, ~~gross income taxes,~~ adjusted gross income taxes, ~~supplemental corporate net income taxes,~~ **business franchise taxes,** or any combination of these, or similar taxes upon revenues or income of member insurers that may be imposed by the state, up to the amount of the taxes due for each calendar year in which the assessments were paid and for succeeding years until the aggregate of those assessments have been offset by either credits against those taxes or refunds from the association; or

(2) any member insurer may include in the rates for premiums charged for insurance policies to which this chapter applies amounts sufficient to recoup a sum equal to the amounts paid to the association by the member less any amounts returned to the member insurer by the association, and the rates shall not be deemed excessive by virtue of including an amount reasonably calculated to recoup assessments paid by the member.

(o) The association shall provide for the option of monthly collection of premiums.

SECTION 222. IC 27-13-18-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) If for any reason the plan of the health maintenance organization under

C o p y

IC 27-13-16 does not provide for continuation of benefits as required by IC 27-13-16-1, the liquidator shall assess, or cause to be assessed, each licensed health maintenance organization doing business in Indiana. The amount that each licensed health maintenance organization is assessed must be based on the ratio of the amount of all subscriber premiums received by the health maintenance organization for contracts issued in Indiana for the previous calendar year to the amount of the total subscriber premiums received by all licensed health maintenance organizations for contracts issued in Indiana for the previous calendar year.

(b) The total assessments of health maintenance organizations under subsection (a) must equal an amount sufficient to provide for continuation of benefits as required by IC 27-13-16-1 to enrollees covered under contracts issued by the health maintenance organization to subscribers located in Indiana, and to pay administrative expenses.

(c) The total amount of all assessments to be paid by a health maintenance organization in any one (1) calendar year may not exceed one percent (1%) of the premiums received by the health maintenance organization from business in Indiana during the calendar year preceding the assessment.

(d) If the total amount of all assessments in any one (1) calendar year does not provide an amount sufficient to meet the requirements of subsection (a), additional funds must be assessed in succeeding calendar years.

(e) Health maintenance organizations that, during any preceding calendar year, have paid one (1) or more assessments levied under this section may either:

(1) take as a credit against ~~gross income taxes,~~ adjusted gross income taxes, ~~supplemental corporate net income taxes,~~ **business franchise taxes,** or any combination of these, or similar taxes upon revenue or income of health maintenance organizations that may be imposed by Indiana up to twenty percent (20%) of any assessment described in this section for each calendar year following the year in which those assessments were paid until the aggregate of those assessments have been offset; or

(2) include in the premiums charged for coverage to which this article applies amounts sufficient to recoup a sum equal to the amounts paid in assessments as long as the premiums are not excessive by virtue of including an amount reasonably calculated to recoup assessments paid by the health maintenance organization.

SECTION 223. IC 29-3-3-3 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. Except as otherwise determined in a dissolution of marriage proceeding, a custody proceeding, or in some other proceeding authorized by law, including a proceeding under section 6 of this chapter or another proceeding under this article, and unless a minor is married, the parents of the minor jointly (or the survivor if one (1) parent is deceased), if not an incapacitated person, have, without the appointment of a guardian, giving of bond, or order or confirmation of court, the right to custody of the person of the minor and the power to execute the following on behalf of the minor:

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

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

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

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

(5) Consents, waivers of notice, or powers of attorney under any statute, including the Indiana inheritance tax law (IC 6-4.1) ~~the Indiana gross income tax~~ law ~~(IC 6-2.1),~~ and the Indiana adjusted gross income tax law (IC 6-3).

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

(7) Federal and state income tax returns.

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

SECTION 224. IC 34-6-2-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 20. "Charitable entity", for purposes of IC 34-30-5, means any entity exempted from ~~the Indiana~~ **state** gross ~~income~~ **retail** tax under ~~IC 6-2.1-3-20.~~ **IC 6-2.5-5-21(b)(1)(B).**

SECTION 225. IC 36-7-13-3.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3.8. As used in this chapter, "state and local income taxes" means taxes imposed under any of the following:

(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).~~

C o p y

~~(4)~~ **(3)** IC 6-3.5-1.1 (county adjusted gross income tax).

~~(5)~~ **(4)** IC 6-3.5-6 (county option income tax).

~~(6)~~ **(5)** IC 6-3.5-7 (county economic development income tax).

SECTION 226. IC 36-7-13-15, AS AMENDED BY P.L.174-2001, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) If an advisory commission on industrial development designates a district under this chapter or the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter, the treasurer of state shall establish an incremental tax financing fund for the county. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for the county under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the district, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the district.

(2) The aggregate amount of state and local income taxes paid by employees employed in the district with respect to wages earned for work in the district, until the amount of state and local income taxes deposited equals the income tax incremental amount.

(c) The aggregate amount of revenues that is:

(1) attributable to:

(A) the state gross retail and use taxes established under IC 6-2.5;

(B) the gross income tax established under IC 6-2.1; **and**

(C) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and

~~(D) the supplemental net income tax established under IC 6-3-8; and~~

(2) deposited during any state fiscal year in each incremental tax financing fund established for a county;

may not exceed one million dollars ($1,000,000) per county.

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a county shall be distributed to the district's advisory commission on industrial development for deposit in the industrial development fund of the unit that requested designation of the district.

SECTION 227. IC 36-7-14-39 IS AMENDED TO READ AS

C o p y

FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a blighted area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a blighted area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included in an amendment to the declaratory resolution;

the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision adopted after June 30, 1997, as adjusted under subsection (h).

C o p y

(4) Except as provided in subdivision (5), for all other allocation areas, the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development area before July 1, 1995, is expanded after June 30, 1995, the definition in subdivision (1) applies to the expanded portion of the area added after June 30, 1995.

(6) If an allocation area established in a blighted area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded portion of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter before January 1, 2006, may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution before January 1, 2006, in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision that may not be more than thirty (30) years after the date on which the allocation provision is established. However, if bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation

C o p y

provision may apply to all or part of the blighted area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements in or serving that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) in or serving that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or

C o p y

parking facility in or serving that allocation area under any lease entered into under IC 36-1-10.

(I) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the

C o p y

industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the commission.

(3) Except as provided in subsection (g), before July 15 of each year the commission shall do the following:

(A) Determine the amount, if any, by which the base assessed value when multiplied by the estimated tax rate of the allocation area will exceed the amount of assessed value needed to produce the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1). The commission may not authorize an allocation of assessed value to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2) or lessors under section 25.3 of this chapter.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy

C o p y

for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the portion of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and state board of tax commissioners shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the state board of tax commissioners shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the

C o p y

property tax proceeds allocated to the redevelopment district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The state board of tax commissioners may prescribe procedures for county and township officials to follow to assist the state board in making the adjustments.

SECTION 228. IC 36-7-14-39.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 39.5. (a) As used in this section, "allocation area" has the meaning set forth in section 39 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e), each taxpayer in an allocation area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (as defined in IC 6-1.1-21-2) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 39 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into an allocation fund under section 39(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under

C o p y

IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the redevelopment commission, the municipal legislative body (in the case of a redevelopment commission established by a municipality) or the county executive (in the case of a redevelopment commission established by a county) may, by resolution, provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) Whenever the municipal legislative body or county executive determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution under subsection (e) to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the year in which the resolution is adopted.

(g) A resolution adopted under subsection (e) remains in effect until it is rescinded by the body that originally adopted it. However, a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

SECTION 229. IC 36-7-14.5-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 12.5. (a) This section applies only to an authority in a county having a United States

C o p y

government military base that is scheduled for closing or is completely or partially inactive or closed.

(b) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may create an economic development area:

(1) by following the procedures set forth in IC 36-7-14-41 for the establishment of an economic development area by a redevelopment commission; and

(2) with the same effect as if the economic development area was created by a redevelopment commission.

However, an authority may not include in an economic development area created under this section any area that was declared a blighted area, an urban renewal area, or an economic development area under IC 36-7-14.

(c) In order to accomplish the purposes set forth in section 11(b) of this chapter, an authority may do the following in a manner that serves an economic development area created under this section:

(1) Acquire by purchase, exchange, gift, grant, condemnation, or lease, or any combination of methods, any personal property or interest in real property needed for the redevelopment of economic development areas located within the corporate boundaries of the unit.

(2) Hold, use, sell (by conveyance by deed, land sale contract, or other instrument), exchange, lease, rent, or otherwise dispose of property acquired for use in the redevelopment of economic development areas on the terms and conditions that the authority considers best for the unit and the unit's inhabitants.

(3) Sell, lease, or grant interests in all or part of the real property acquired for redevelopment purposes to any other department of the unit or to any other governmental agency for public ways, levees, sewerage, parks, playgrounds, schools, and other public purposes on any terms that may be agreed on.

(4) Clear real property acquired for redevelopment purposes.

(5) Repair and maintain structures acquired for redevelopment purposes.

(6) Remodel, rebuild, enlarge, or make major structural improvements on structures acquired for redevelopment purposes.

(7) Survey or examine any land to determine whether the land should be included within an economic development area to be acquired for redevelopment purposes and to determine the value of that land.

(8) Appear before any other department or agency of the unit, or before any other governmental agency in respect to any matter

C o p y

affecting:

(A) real property acquired or being acquired for redevelopment purposes; or

(B) any economic development area within the jurisdiction of the authority.

(9) Institute or defend in the name of the unit any civil action, but all actions against the authority must be brought in the circuit or superior court of the county where the authority is located.

(10) Use any legal or equitable remedy that is necessary or considered proper to protect and enforce the rights of and perform the duties of the authority.

(11) Exercise the power of eminent domain in the name of and within the corporate boundaries of the unit subject to the same conditions and procedures that apply to the exercise of the power of eminent domain by a redevelopment commission under IC 36-7-14.

(12) Appoint an executive director, appraisers, real estate experts, engineers, architects, surveyors, and attorneys.

(13) Appoint clerks, guards, laborers, and other employees the authority considers advisable, except that those appointments must be made in accordance with the merit system of the unit if such a system exists.

(14) Prescribe the duties and regulate the compensation of employees of the authority.

(15) Provide a pension and retirement system for employees of the authority by using the public employees' retirement fund or a retirement plan approved by the United States Department of Housing and Urban Development.

(16) Discharge and appoint successors to employees of the authority subject to subdivision (13).

(17) Rent offices for use of the department or authority, or accept the use of offices furnished by the unit.

(18) Equip the offices of the authority with the necessary furniture, furnishings, equipment, records, and supplies.

(19) Design, order, contract for, and construct, reconstruct, improve, or renovate the following:

(A) Any local public improvement or structure that is necessary for redevelopment purposes or economic development within the corporate boundaries of the unit.

(B) Any structure that enhances development or economic development.

(20) Contract for the construction, extension, or improvement of

C o p y

pedestrian skyways (as defined in IC 36-7-14-12.2(c)).

(21) Accept loans, grants, and other forms of financial assistance from, or contract with, the federal government, the state government, a municipal corporation, a special taxing district, a foundation, or any other source.

(22) Make and enter into all contracts and agreements necessary or incidental to the performance of the duties of the authority and the execution of the powers of the authority under this chapter.

(23) Take any action necessary to implement the purpose of the authority.

(24) Provide financial assistance, in the manner that best serves the purposes set forth in section 11(b) of this chapter, including grants and loans, to enable private enterprise to develop, redevelop, and reuse military base property or otherwise enable private enterprise to provide social and economic benefits to the citizens of the unit.

(d) An authority may designate all or a portion of an economic development area created under this section as an allocation area by following the procedures set forth in IC 36-7-14-39 for the establishment of an allocation area by a redevelopment commission. The allocation provision may modify the definition of "property taxes" under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the depreciable personal property located and taxable on the site of operations of designated taxpayers in accordance with the procedures applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3 applies to such a modification. An allocation area established by an authority under this section is a special taxing district authorized by the general assembly to enable the unit to provide special benefits to taxpayers in the allocation area by promoting economic development that is of public use and benefit. For allocation areas established for an economic development area created under this section after June 30, 1997, and to the expanded portion of an allocation area for an economic development area that was established before June 30, 1997, and that is expanded under this section after June 30, 1997, the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date, must be allocated. All of the provisions of IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an allocation area created under this section, except that the authority shall be vested with the rights and duties of a commission as referenced in those sections, and except that, notwithstanding IC 36-7-14-39(b)(2), property tax proceeds paid into the allocation fund may be used by the

C o p y

authority only to do one (1) or more of the following:

(1) Pay the principal of and interest and redemption premium on any obligations incurred by the special taxing district or any other entity for the purpose of financing or refinancing military base reuse activities in or serving or benefitting that allocation area.

(2) Establish, augment, or restore the debt service reserve for obligations payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the authority (including lease rental revenues).

(3) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(4) Reimburse any other governmental body for expenditures made by it for local public improvements or structures in or serving or benefitting that allocation area.

(5) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (as defined in IC 6-1.1-21-2) that is attributable to the taxing district.

STEP TWO: Divide:

(A) 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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under IC 36-7-14-39.5 in the same year.

(6) Pay expenses incurred by the authority for local public improvements or structures that are in the allocation area or serving or benefiting the allocation area.

C o p y

(7) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(A) in the allocation area; and

(B) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in clause (B). The reimbursements under this subdivision must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made. The allocation fund may not be used for operating expenses of the authority.

(e) In addition to other methods of raising money for property acquisition, redevelopment, or economic development activities in or directly serving or benefitting an economic development area created by an authority under this section, and in anticipation of the taxes allocated under subsection (d), other revenues of the authority, or any combination of these sources, the authority may, by resolution, issue the bonds of the special taxing district in the name of the unit. Bonds issued under this section may be issued in any amount without limitation. The following apply if such a resolution is adopted:

(1) The authority shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds. The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(2) The bonds must be executed by the appropriate officer of the unit and attested by the unit's fiscal officer.

(3) The bonds are exempt from taxation for all purposes.

(4) Bonds issued under this section may be sold at public sale in accordance with IC 5-1-11 or at a negotiated sale.

(5) The bonds are not a corporate obligation of the unit but are an indebtedness of the taxing district. The bonds and interest are payable, as set forth in the bond resolution of the authority:

(A) from the tax proceeds allocated under subsection (d);

(B) from other revenues available to the authority; or

(C) from a combination of the methods stated in clauses (A) and (B).

(6) Proceeds from the sale of bonds may be used to pay the cost of interest on the bonds for a period not to exceed five (5) years from the date of issuance.

C o p y

(7) Laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers to remonstrate against the issuance of bonds do not apply to bonds issued under this section.

(8) If a debt service reserve is created from the proceeds of bonds, the debt service reserve may be used to pay principal and interest on the bonds as provided in the bond resolution.

(9) If bonds are issued under this chapter that are payable solely or in part from revenues to the authority from a project or projects, the authority may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority. The authority may establish fees and charges for the use of any project and covenant with the owners of any bonds to set those fees and charges at a rate sufficient to protect the interest of the owners of the bonds. Any revenue bonds issued by the authority that are payable solely from revenues of the authority shall contain a statement to that effect in the form of bond.

(f) Notwithstanding section 8(a) of this chapter, an ordinance adopted under section 11(b) of this chapter may provide, or be amended to provide, that the board of directors of the authority shall be composed of not fewer than three (3) nor more than seven (7) members, who must be residents of the unit appointed by the executive of the unit.

(g) The acquisition of real and personal property by an authority under this section is not subject to the provisions of IC 5-22, IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the purchase of property by public bodies or their agencies.

(h) An authority may negotiate for the sale, lease, or other disposition of real and personal property without complying with the provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other statute governing the disposition of public property.

(i) Notwithstanding any other law, utility services provided within an economic development area established under this section are subject to regulation by the appropriate regulatory agencies unless the utility service is provided by a utility that provides utility service solely within the geographic boundaries of an existing or a closed military installation, in which case the utility service is not subject to regulation

C o p y

for purposes of rate making, regulation, service delivery, or issuance of bonds or other forms of indebtedness. However, this exemption from regulation does not apply to utility service if the service is generated, treated, or produced outside the boundaries of the existing or closed military installation.

SECTION 230. IC 36-7-15.1-26.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 26.5. (a) As used in this section, "adverse determination" means a determination by the fiscal officer of the consolidated city that the granting of credits described in subsection (g) or (h) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund.

(b) As used in this section, "allocation area" has the meaning set forth in section 26 of this chapter.

(c) As used in this section, "special fund" refers to the special fund into which property taxes are paid under section 26 of this chapter.

(d) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(e) Except as provided in subsections (g), (h), and (i), each taxpayer in an allocation area is entitled to an additional credit for property taxes that, under IC 6-1.1-22-9, are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 26 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into the special fund.

C o p y

(f) The credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i), unless the credits under subsections (g) and (h) are partial credits, shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. Except as provided in subsections (h) and (i), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i) shall be combined on the tax statements sent to each taxpayer.

(g) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method provided in subsection (e) may be granted under this subsection. The credit provided under this subsection is first applicable for the allocation area for property taxes first due and payable in 1992. The following apply to the determination of the credit provided under this subsection:

(1) Before June 15 of each year, the fiscal officer of the consolidated city shall determine and certify the following:

(A) All amounts due in the following year to the owners of outstanding bonds payable from the allocation area special fund.

(B) All amounts that are:

(i) required under contracts with bond holders; and

(ii) payable from the allocation area special fund to fund accounts and reserves.

(C) An estimate of the amount of personal property taxes available to be paid into the allocation area special fund under section 26.9(c) of this chapter.

(D) An estimate of the aggregate amount of credits to be granted if full credits are granted.

(2) Before June 15 of each year, the fiscal officer of the consolidated city shall determine if the granting of the full amount of credits in the following year would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund.

(3) If the fiscal officer of the consolidated city determines under subdivision (2) that there would not be an impairment or adverse effect:

(A) the fiscal officer of the consolidated city shall certify the determination; and

(B) the full credits shall be applied in the following year, subject to the determinations and certifications made under

C o p y

section 26.7(b) of this chapter.

(4) If the fiscal officer of the consolidated city makes an adverse determination under subdivision (2), the fiscal officer of the consolidated city shall determine whether there is an amount of partial credits that, if granted in the following year, would not result in the impairment or adverse effect. If the fiscal officer determines that there is an amount of partial credits that would not result in the impairment or adverse effect, the fiscal officer shall do the following:

(A) Determine the amount of the partial credits.

(B) Certify that determination.

(5) If the fiscal officer of the consolidated city certifies under subdivision (4) that partial credits may be paid, the partial credits shall be applied pro rata among all affected taxpayers in the following year.

(6) An affected taxpayer may appeal any of the following to the circuit or superior court of the county in which the allocation area is located:

(A) A determination by the fiscal officer of the consolidated city that:

(i) credits may not be paid in the following year; or

(ii) only partial credits may be paid in the following year.

(B) A failure by the fiscal officer of the consolidated city to make a determination by June 15 of whether full or partial credits are payable under this subsection.

(7) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination.

(8) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether the credits are payable under this subsection must be filed by July 15 of the year in which the determination should have been made.

(9) All appeals under subdivision (6) shall be decided by the court within sixty (60) days.

(h) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method in subsection (e) and in subdivision (2) of this subsection may be granted under this subsection. The following apply to the credit granted under this subsection:

(1) The credit is applicable to property taxes first due and payable in 1991.

(2) For purposes of this subsection, the amount of a credit for

C o p y

1990 taxes payable in 1991 with respect to an affected taxpayer is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e); multiplied by

(B) the total amount of the property taxes payable by the taxpayer that were allocated in 1991 to the allocation area special fund under section 26 of this chapter.

(3) Before June 15, 1991, the fiscal officer of the consolidated city shall determine and certify an estimate of the aggregate amount of credits for 1990 taxes payable in 1991 if the full credits are granted.

(4) The fiscal officer of the consolidated city shall determine whether the granting of the full amounts of the credits for 1990 taxes payable in 1991 against 1991 taxes payable in 1992 and the granting of credits under subsection (g) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund for an allocation area described in subsection (g).

(5) If the fiscal officer of the consolidated city determines that there would not be an impairment or adverse effect under subdivision (4):

(A) the fiscal officer shall certify that determination; and

(B) the full credits shall be applied against 1991 taxes payable in 1992 or the amount of the credits shall be paid to the taxpayers as provided in subdivision (12), subject to the determinations and certifications made under section 26.7(b) of this chapter.

(6) If the fiscal officer of the consolidated city makes an adverse determination under subdivision (4), the fiscal officer shall determine whether there is an amount of partial credits for 1990 taxes payable in 1991 that, if granted against 1991 taxes payable in 1992 in addition to granting of the credits under subsection (g), would not result in the impairment or adverse effect.

(7) If the fiscal officer of the consolidated city determines under subdivision (6) that there is an amount of partial credits that would not result in the impairment or adverse effect, the fiscal officer shall determine the amount of partial credits and certify that determination.

(8) If the fiscal officer of the consolidated city certifies under subdivision (7) that partial credits may be paid, the partial credits shall be applied pro rata among all affected taxpayers against 1991 taxes payable in 1992.

C o p y

(9) An affected taxpayer may appeal any of the following to the circuit or superior court of the county in which the allocation area is located:

(A) A determination by the fiscal officer of the consolidated city that:

(i) credits may not be paid for 1990 taxes payable in 1991; or

(ii) only partial credits may be paid for 1990 taxes payable in 1991.

(B) A failure by the fiscal officer of the consolidated city to make a determination by June 15, 1991, of whether credits are payable under this subsection.

(10) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination. Any such appeal shall be decided by the court within sixty (60) days.

(11) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether credits are payable under this subsection must be filed by July 15, 1991. Any such appeal shall be decided by the court within sixty (60) days.

(12) If 1991 taxes payable in 1992 with respect to a parcel are billed to the same taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall apply to the tax bill for 1991 taxes payable in 1992 both the credit provided under subsection (g) and the credit provided under this subsection, along with any credit determined to be applicable to the tax bill under subsection (i). In the alternative, at the election of the county auditor, the county may pay to the taxpayer the amount of the credit by May 10, 1992, and the amount shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(13) If 1991 taxes payable in 1992 with respect to a parcel are billed to a taxpayer other than the taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (i) to the tax bill for 1991 taxes payable in 1992.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit under this subsection.

A taxpayer entitled to a credit must file an application for refund of the credit with the county auditor not later than November 30,

C o p y

1991.

(14) A taxpayer who files an application by November 30, 1991, is entitled to payment from the county treasurer in an amount that is in the same proportion to the credit provided under this subsection with respect to a parcel as the amount of 1990 taxes payable in 1991 paid by the taxpayer with respect to the parcel bears to the 1990 taxes payable in 1991 with respect to the parcel. This amount shall be paid to the taxpayer by May 10, 1992, and shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(i) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. The following apply to the credit granted under this subsection:

(1) A prior year credit is applicable to property taxes first due and payable in each year from 1987 through 1990 (the "prior years").

(2) The credit for each prior year is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e) for the prior year; multiplied by

(B) the total amount of the property taxes paid by the taxpayer that were allocated in the prior year to the allocation area special fund under section 26 of this chapter.

(3) Before January 31, 1992, the county auditor shall determine the amount of credits under subdivision (2) with respect to each parcel in the allocation area for all prior years with respect to which:

(A) taxes were billed to the same taxpayer for taxes payable in each year from 1987 through 1991; or

(B) an application was filed by November 30, 1991, under subdivision (8) for refund of the credits for prior years.

A report of the determination by parcel shall be sent by the county auditor to the state board of tax commissioners and the budget agency within five (5) days of such determination.

(4) Before January 31, 1992, the county auditor shall determine the quotient of the amounts determined under subdivision (3) with respect to each parcel divided by six (6).

(5) Before January 31, 1992, the county auditor shall determine the quotient of the aggregate amounts determined under subdivision (3) with respect to all parcels divided by twelve (12).

(6) Except as provided in subdivisions (7) and (9), in each year in which credits from prior years remain unpaid, credits for the prior

C o p y

years in the amounts determined under subdivision (4) shall be applied as provided in this subsection.

(7) If taxes payable in the current year with respect to a parcel are billed to the same taxpayer to which taxes payable in all of the prior years were billed and if the amount determined under subdivision (3) with respect to the parcel is at least five hundred dollars ($500), the county treasurer shall apply the credits provided for the current year under subsections (g) and (h) and the credit in the amount determined under subdivision (4) to the tax bill for taxes payable in the current year. However, if the amount determined under subdivision (3) with respect to the parcel is less than five hundred dollars ($500) (referred to in this subdivision as "small claims"), the county may, at the election of the county auditor, either apply a credit in the amount determined under subdivision (3) or subdivision (4) to the tax bill for taxes payable in the current year or pay either amount to the taxpayer. If title to a parcel transfers in a year in which a credit under this subsection is applied to the tax bill, the transferor may file an application with the county auditor within thirty (30) days of the date of the transfer of title to the parcel for payments to the transferor at the same times and in the same amounts that would have been allowed as credits to the transferor under this subsection if there had not been a transfer. If a determination is made by the county auditor to refund or credit small claims in the amounts determined under subdivision (3) in 1992, the county auditor may make appropriate adjustments to the credits applied with respect to other parcels so that the total refunds and credits in any year will not exceed the payments made from the state property tax replacement fund to the prior year credit fund referred to in subdivision (11) in that year.

(8) If taxes payable in the current year with respect to a parcel are billed to a taxpayer that is not a taxpayer to which taxes payable in all of the prior years were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (h) to the tax bill for taxes payable in the current year.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit.

A taxpayer entitled to the credit must file an application for refund of the credit with the county auditor not later than November 30, 1991. A refund shall be paid to an eligible

C o p y

applicant by May 10, 1992.

(9) A taxpayer who filed an application by November 30, 1991, is entitled to payment from the county treasurer under subdivision (8) in an amount that is in the same proportion to the credit determined under subdivision (3) with respect to a parcel as the amount of taxes payable in the prior years paid by the taxpayer with respect to the parcel bears to the taxes payable in the prior years with respect to the parcel.

(10) In each year on May 1 and November 1, the state shall pay to the county treasurer from the state property tax replacement fund the amount determined under subdivision (5).

(11) All payments received from the state under subdivision (10) shall be deposited into a special fund to be known as the prior year credit fund. The prior year credit fund shall be used to make:

(A) payments under subdivisions (7) and (9); and

(B) deposits into the special fund for the application of prior year credits.

(12) All amounts paid into the special fund for the allocation area under subdivision (11) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area.

(13) By January 15, 1993, and by January 15 of each year thereafter, the county auditor shall send to the state board of tax commissioners and the budget agency a report of the receipts, earnings, and disbursements of the prior year credit fund for the prior calendar year. If in the final year that credits under subsection (i) are allowed any balance remains in the prior year credit fund after the payment of all credits payable under this subsection, such balance shall be repaid to the treasurer of state for deposit in the property tax replacement fund.

(14) In each year, the county shall limit the total of all refunds and credits provided for in this subsection to the total amount paid in that year from the property tax replacement fund into the prior year credit fund and any balance remaining from the preceding year in the prior year credit fund.

SECTION 231. IC 36-7-15.1-35 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 35. (a) Notwithstanding section 26(a) of this chapter, with respect to the allocation and distribution of property taxes for the accomplishment of a program adopted under section 32 of this chapter, "base assessed

C o p y

value" means the net assessed value of all of the land as finally determined for the assessment date immediately preceding the effective date of the allocation provision, as adjusted under section 26(g) of this chapter. However, "base assessed value" does not include the value of real property improvements to the land.

(b) The special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may be used only for purposes related to the accomplishment of the program, including the following:

(1) The construction, rehabilitation, or repair of residential units within the allocation area.

(2) The construction, reconstruction, or repair of infrastructure (such as streets, sidewalks, and sewers) within or serving the allocation area.

(3) The acquisition of real property and interests in real property within the allocation area.

(4) The demolition of real property within the allocation area.

(5) To provide financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

(6) To provide financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).

(7) To provide each taxpayer in the allocation area a credit for property tax replacement as determined under subsections (c) and (d). However, this credit may be provided by the commission only if the city-county legislative body establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 32 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~the amount~~ **ten percent (10%) of the county's total county tax levy payable that year as** determined under

C o p y

IC 6-1.1-21-4(a)(1) that is attributable to the taxing district; by

(B) the amount determined under STEP ONE.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the taxpayer's property taxes levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) The commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c), by applying one-half (1/2) of the credit to each installment of property taxes that under IC 6-1.1-22-9 are due and payable on May 1 and November 1 of a year. The commission must provide for the credit annually by a resolution and must find in the resolution the following:

(1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.

(2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.

(3) If bonds of a lessor under section 17.1 of this chapter or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

If the tax increment is insufficient to grant the credit in full, the commission may grant the credit in part, prorated among all taxpayers.

(e) Notwithstanding section 26(b) of this chapter, the special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may only be used to do one (1) or more of the following:

(1) Accomplish one (1) or more of the actions set forth in section 26(b)(2)(A) through section 26(b)(2)(H) of this chapter.

(2) Reimburse the consolidated city for expenditures made by the city in order to accomplish the housing program in that allocation area.

The special fund may not be used for operating expenses of the commission.

(f) Notwithstanding section 26(b) of this chapter, the commission shall, relative to the special fund established under section 26(b) of this chapter for an allocation area for a program adopted under section 32 of this chapter, do the following before July 15 of each year:

C o p y

(1) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary:

(A) to make, when due, principal and interest payments on bonds described in section 26(b)(2) of this chapter;

(B) to pay the amount necessary for other purposes described in section 26(b)(2) of this chapter; and

(C) to reimburse the consolidated city for anticipated expenditures described in subsection (e)(2).

(2) Notify the county auditor of the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 26(b)(1) of this chapter.

SECTION 232. IC 36-7-15.1-56, AS ADDED BY P.L.102-1999, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 56. (a) As used in this section, "allocation area" has the meaning set forth in section 53 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e), each taxpayer in an allocation area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 53 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the

C o p y

development district and paid into an allocation fund under section 53(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the commission, the excluded city legislative body may, by resolution, provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) Whenever the excluded city legislative body determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the excluded city legislative body must adopt a resolution under subsection (e) to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the year in which the resolution is adopted.

(g) A resolution adopted under subsection (e) remains in effect until it is rescinded by the body that originally adopted it. However, a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

SECTION 233. IC 36-7-30-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 25. (a) The

C o p y

following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally determined for any subsequent assessment date; plus

(C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the state board of tax commissioners, as finally determined for any assessment date after the effective date of the allocation provision.

Clause (C) applies only to allocation areas established in a military reuse area after June 30, 1997, and to the portion of an allocation area that was established before June 30, 1997, and that is added to an existing allocation area after June 30, 1997.

(3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A declaratory resolution adopted under section 10 of this chapter before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution in accordance with the procedures set forth in section 13 of this chapter. The allocation provision may apply to all or part of the military base reuse area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date

C o p y

with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the military base reuse district and, when collected, paid into an allocation fund for that allocation area that may be used by the military base reuse district and only to do one (1) or more of the following:

(A) Pay the principal of and interest and redemption premium on any obligations incurred by the military base reuse district or any other entity for the purpose of financing or refinancing military base reuse activities in or directly serving or benefiting that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the reuse authority, including lease rental revenues.

(C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefiting that allocation area.

(E) Pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the reuse authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) 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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(i) the STEP TWO quotient; times

(ii) the total amount of the taxpayer's property taxes levied in

C o p y

the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 27 of this chapter in the same year.

(F) Pay expenses incurred by the reuse authority for local public improvements or structures that were in the allocation area or directly serving or benefiting the allocation area.

(G) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the state board of tax commissioners.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the reuse authority.

(3) Except as provided in subsection (g), before July 15 of each year the reuse authority shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Notify the county auditor of the amount, if any, of the amount of excess property taxes that the reuse authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1). The reuse authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 19 of this chapter. Property taxes received by a taxing unit under this subdivision are eligible for the property tax

C o p y

replacement credit provided under IC 6-1.1-21.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the military base reuse district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base reuse district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the reuse authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the

C o p y

property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that portion of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the state board of tax commissioners shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base reuse district under this section. However, the adjustment may not include the effect of property tax abatements under IC 6-1.1-12.1, and the adjustment may not produce less property tax proceeds allocable to the military base reuse district under subsection (b)(2) than would otherwise have been received if the general reassessment had not occurred. The state board of tax commissioners may prescribe procedures for county and township officials to follow to assist the state board in making the adjustments.

SECTION 234. IC 36-7-30-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 27. (a) As used in this section, "allocation area" has the meaning set forth in section 25 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e), each taxpayer in an allocation area is entitled to an additional credit for property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

C o p y

(A) that part of ~~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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 25 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the military base reuse district and paid into an allocation fund under section 25(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the reuse authority, the municipal legislative body (in the case of a reuse authority established by a municipality) or the county executive (in the case of a reuse authority established by a county) may by resolution provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) If the municipal legislative body or county executive determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution under subsection (e) to deny the additional credit or reduce the credit to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the year in which the resolution is adopted.

C o p y

(g) A resolution adopted under subsection (e) remains in effect until rescinded by the body that originally adopted the resolution. However, a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If a resolution is rescinded and no other resolution is adopted, the additional credit described in subsection (c) applies to property taxes first due and payable in the allocation area in each year following the year in which the resolution is rescinded.

SECTION 235. IC 36-7-32 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 32. Certified Technology Parks

Sec. 1. This chapter applies to all units having a department of redevelopment under IC 36-7-14 or a department of metropolitan development as the redevelopment commission of a consolidated city under IC 36-7-15.1.

Sec. 2. The definitions set forth in IC 36-7-14 and IC 36-7-15.1 apply throughout this chapter.

Sec. 3. As used in this chapter, the following terms have the meanings set forth in IC 6-1.1-1:

(1) Assessment date.

(2) Assessed value or assessed valuation.

(3) Taxing district.

(4) Taxing unit.

Sec. 4. As used in this chapter, "base assessed value" means:

(1) the net assessed value of all the taxable property located in a certified technology park as finally determined for the assessment date immediately preceding the effective date of the allocation provision of a resolution adopted under section 15 of this chapter; plus

(2) to the extent it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Sec. 5. As used in this chapter, "business incubator" means real and personal property that:

(1) is located in a certified technology park;

(2) is subject to an agreement under section 12 of this chapter;

C o p y

and

(3) is developed for the primary purpose of attracting one (1) or more owners or tenants who will engage in high technology activities.

Sec. 6. As used in this chapter, "gross retail base period amount" means the aggregate amount of state gross retail and use taxes remitted under IC 6-2.5 by the businesses operating in the territory comprising a certified technology park during the full state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter.

Sec. 7. As used in this chapter, "high technology activity" means one (1) or more of the following:

(1) Advanced computing, which is any technology used in the design and development of any of the following:

(A) Computer hardware and software.

(B) Data communications.

(C) Information technologies.

(2) Advanced materials, which are materials with engineered properties created through the development of specialized process and synthesis technology.

(3) Biotechnology, which is any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product, improve plants or animals, or develop microorganisms for useful purposes. Biotechnology does not include human cloning or stem cell research with embryonic tissue.

(4) Electronic device technology, which is any technology that involves:

(A) microelectronics, semiconductors, or electronic equipment;

(B) instrumentation, radio frequency, microwave, and millimeter electronics;

(C) optical and optic electrical devices; or

(D) data and digital communications and imaging devices.

(5) Engineering or laboratory testing related to the development of a product.

(6) Technology that assists in the assessment or prevention of threats or damage to human health or the environment, including environmental cleanup technology, pollution prevention technology, or development of alternative energy sources.

C o p y

(7) Medical device technology, which is any technology that involves medical equipment or products other than a pharmaceutical product that has therapeutic or diagnostic value and is regulated.

(8) Product research and development.

(9) Advanced vehicles technology, which is any technology that involves:

(A) electric vehicles, hybrid vehicles, or alternative fuel vehicles; or

(B) components used in the construction of electric vehicles, hybrid vehicles, or alternative fuel vehicles.

Sec. 8. As used in this chapter, "income tax base period amount" means the aggregate amount of the following taxes paid by employees employed in the territory comprising a certified technology park with respect to wages and salary earned for work in the certified technology park for the state fiscal year that precedes the date on which the certified technology park was designated under section 11 of this chapter:

(1) The adjusted gross income tax.

(2) The county adjusted gross income tax.

(3) The county option income tax.

(4) The county economic development income tax.

Sec. 9. As used in this chapter, subject to the approval of the department of commerce under an agreement entered into under section 12 of this chapter, "public facilities" includes the following:

(1) A street, road, bridge, storm water or sanitary sewer, sewage treatment facility, facility designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, retention basin, pretreatment facility, waterway, waterline, water storage facility, rail line, electric, gas, telephone or other communications, or any other type of utility line or pipeline, or other similar or related structure or improvement, together with necessary easements for the structure or improvement. Except for rail lines, utility lines, or pipelines, the structures or improvements described in this subdivision must be either owned or used by a public agency, functionally connected to similar or supporting facilities owned or used by a public agency, or designed and dedicated to use by, for the benefit of, or for the protection of the health, welfare, or safety of the public generally, whether or not used by a single business entity. Any road, street, or bridge must be

C o p y

continuously open to public access. A public facility must be located on public property or in a public, utility, or transportation easement or right-of-way.

(2) Land and other assets that are or may become eligible for depreciation for federal income tax purposes for a business incubator located in a certified technology park.

(3) Land and other assets that, if privately owned, would be eligible for depreciation for federal income tax purposes for laboratory facilities, research and development facilities, conference facilities, teleconference facilities, testing, training facilities, and quality control facilities:

(A) that are or that support property whose primary purpose and use is or will be for a high technology activity;

(B) that are owned by a public entity; and

(C) that are located within a certified technology park.

Sec. 10. A unit may apply to the department of commerce for designation of all or part of the territory within the jurisdiction of the unit's redevelopment commission as a certified technology park and to enter into an agreement governing the terms and conditions of the designation. The application must be in a form specified by the department and shall include information the department determines necessary to make the determinations required under section 11 of this chapter.

Sec. 11. (a) After receipt of an application under section 10 of this chapter, and subject to subsection (b), the department of commerce may designate a certified technology park if the department determines that the application demonstrates a firm commitment from at least one (1) business engaged in a high technology activity creating a significant number of jobs and satisfies one (1) or more of the following additional criteria:

(1) A demonstration of significant support from an institution of higher education or a private research based institute located within, or in the vicinity of, the proposed certified technology park, as evidenced by the following criteria:

(A) Grants of preferences for access to and commercialization of intellectual property.

(B) Access to laboratory and other facilities owned by or under control of the institution of higher education or private research based institute.

(C) Donations of services.

(D) Access to telecommunications facilities and other infrastructure.

C o p y

(E) Financial commitments.

(F) Access to faculty, staff, and students.

(G) Opportunities for adjunct faculty and other types of staff arrangements or affiliations.

(H) Other criteria considered appropriate by the department.

(2) A demonstration of a significant commitment by the institution of higher education or private research based institute to the commercialization of research produced at the certified technology park, as evidenced by the intellectual property and, if applicable, tenure policies that reward faculty and staff for commercialization and collaboration with private businesses.

(3) A demonstration that the proposed certified technology park will be developed to take advantage of the unique characteristics and specialties offered by the public and private resources available in the area in which the proposed certified technology park will be located.

(4) The existence of or proposed development of a business incubator within the proposed certified technology park that exhibits the following types of resources and organization:

(A) Significant financial and other types of support from the public or private resources in the area in which the proposed certified technology park will be located.

(B) A business plan exhibiting the economic utilization and availability of resources and a likelihood of successful development of technologies and research into viable business enterprises.

(C) A commitment to the employment of a qualified full-time manager to supervise the development and operation of the business incubator.

(5) The existence of a business plan for the proposed certified technology park that identifies its objectives in a clearly focused and measurable fashion and that addresses the following matters:

(A) A commitment to new business formation.

(B) The clustering of businesses, technology, and research.

(C) The opportunity for and costs of development of properties under common ownership or control.

(D) The availability of and method proposed for development of infrastructure and other improvements, including telecommunications technology, necessary for the

C o p y

development of the proposed certified technology park.

(E) Assumptions of costs and revenues related to the development of the proposed certified technology park.

(6) A demonstrable and satisfactory assurance that the proposed certified technology park can be developed to principally contain property that is primarily used for, or will be primarily used for, a high technology activity or a business incubator.

(b) The department of commerce may not approve an application that would result in a substantial reduction or cessation of operations in another location in Indiana in order to relocate them within the certified technology park.

(c) There may be not more than three (3) certified technology parks designated by the department.

Sec. 12. A redevelopment commission and the legislative body of the unit that established the redevelopment commission may enter into an agreement with the department of commerce establishing the terms and conditions governing a certified technology park designated under section 11 of this chapter. Upon designation of the certified technology park under the terms of the agreement, the subsequent failure of any party to comply with the terms of the agreement does not result in the termination or rescission of the designation of the area as a certified technology park. The agreement must include the following provisions:

(1) A description of the area to be included within the certified technology park.

(2) Covenants and restrictions, if any, upon all or a part of the properties contained within the certified technology park and terms of enforcement of any covenants or restrictions.

(3) The financial commitments of any party to the agreement and of any owner or developer of property within the certified technology park.

(4) The terms of any commitment required from an institution of higher education or private research based institute for support of the operations and activities within the certified technology park.

(5) The terms of enforcement of the agreement, which may include the definition of events of default, cure periods, legal and equitable remedies and rights, and penalties and damages, actual or liquidated, upon the occurrence of an event of default.

(6) The public facilities to be developed for the certified

C o p y

technology park and the costs of those public facilities, as approved by the department of commerce.

Sec. 13. (a) If the department of commerce determines that a sale price or rental value at below market rate will assist in increasing employment or private investment in a certified technology park, the redevelopment commission and the legislative body of the unit may determine the sale price or rental value for public facilities owned or developed by the redevelopment commission and the unit in the certified technology park at below market rate.

(b) If public facilities developed under an agreement entered into under this chapter are conveyed or leased at less than fair market value or at below market rates, the terms of the conveyance or lease shall include legal and equitable remedies and rights to assure that the public facilities are used for high technology activities or as a business incubator. Legal and equitable remedies and rights may include penalties and actual or liquidated damages.

Sec. 14. The department of commerce shall market the certified technology park. The department and a redevelopment commission may contract with each other or any third party for these marketing services.

Sec. 15. (a) Subject to the approval of the legislative body of the unit that established the redevelopment commission, the redevelopment commission may adopt a resolution designating a certified technology park as an allocation area for purposes of the allocation and distribution of property taxes.

(b) After adoption of the resolution under subsection (a), the redevelopment commission shall:

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

(2) file the following information with each taxing unit that has authority to levy property taxes in the geographic area where the certified technology park is located:

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

(B) A statement disclosing the impact of the certified technology park, including the following:

(i) The estimated economic benefits and costs incurred by the certified technology park, as measured by increased employment and anticipated growth of real property assessed values.

(ii) The anticipated impact on tax revenues of each taxing unit.

C o p y

The notice must state the general boundaries of the certified technology park and must state that written remonstrances may be filed with the redevelopment commission until the time designated for the hearing. The notice must also name the place, date, and time when the redevelopment commission will receive and hear remonstrances and objections from persons interested in or affected by the proceedings pertaining to the proposed allocation area and will determine the public utility and benefit of the proposed allocation area. The commission shall file the information required by subdivision (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. All persons affected in any manner by the hearing, including all taxpayers within the taxing district of the redevelopment commission, shall be considered notified of the pendency of the hearing and of subsequent acts, hearings, adjournments, and orders of the redevelopment commission affecting the allocation area if the redevelopment commission gives the notice required by this section.

(c) At the hearing, which may be recessed and reconvened periodically, the redevelopment commission shall hear all persons interested in the proceedings and shall consider all written remonstrances and objections that have been filed. After considering the evidence presented, the redevelopment commission shall take final action determining the public utility and benefit of the proposed allocation area confirming, modifying and confirming, or rescinding the resolution. The final action taken by the redevelopment commission shall be recorded and is final and conclusive, except that an appeal may be taken in the manner prescribed by section 16 of this chapter.

Sec. 16. (a) A person who files a written remonstrance with the redevelopment commission under section 15 of this chapter and is aggrieved by the final action taken may, within ten (10) days after that final action, file with the office of the clerk of the circuit or superior court of the county a copy of the redevelopment commission's resolution and the person's remonstrance against the resolution, together with the person's bond as provided by IC 34-13-5-7.

(b) An appeal under this section shall be promptly heard by the court without a jury. All remonstrances upon which an appeal has been taken shall be consolidated and heard and determined within thirty (30) days after the time of filing of the appeal. The court

C o p y

shall decide the appeal based on the record and evidence before the redevelopment commission, not by trial de novo, and may confirm the final action of the redevelopment commission or sustain the remonstrances. The judgment of the court is final and conclusive, unless an appeal is taken as in other civil actions.

Sec. 17. (a) An allocation provision adopted under section 15 of this chapter must:

(1) apply to the entire certified technology park; and

(2) require that any property tax on taxable property subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes in the certified technology park be allocated and distributed as provided in subsections (b) and (c).

(b) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(1) the assessed value of the taxable property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value;

shall be allocated and, when collected, paid into the funds of the respective taxing units.

(c) Except as provided in subsection (d), all the property tax proceeds that exceed those described in subsection (b) shall be allocated to the redevelopment commission for the certified technology park and, when collected, paid into the certified technology park fund established under section 23 of this chapter.

(d) Before July 15 of each year, the redevelopment commission shall do the following:

(1) Determine the amount, if any, by which the property tax proceeds to be deposited in the certified technology park fund will exceed the amount necessary for the purposes described in section 23 of this chapter.

(2) Notify the county auditor of the amount, if any, of excess tax proceeds that the redevelopment commission has determined may be allocated to the respective taxing units in the manner prescribed in subsection (c). The redevelopment commission may not authorize an allocation of property tax proceeds under this subdivision if to do so would endanger the interests of the holders of bonds described in section 24 of this chapter.

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable

C o p y

property situated upon or in, or added to, the certified technology park effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the certified technology park, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the taxable property as valued without regard to this section; or

(2) the base assessed value.

Sec. 18. (a) A redevelopment commission may, by resolution, provide that each taxpayer in a certified technology park that has been designated as an allocation area is entitled to an additional credit for property taxes that, under IC 6-1.1-22-9, are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the certified technology park:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ten percent (10%) of the 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

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to the certified technology park fund under section 17 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the certified technology park fund under section 17 of this chapter.

(b) The additional credit under subsection (a) shall be:

(1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of a certified technology park; and

(2) combined on the tax statement sent to each taxpayer.

C o p y

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in a certified technology park who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies must be stated on the notice.

(d) Notwithstanding any other law, a taxpayer in a certified technology park is not entitled to a credit for property tax replacement under IC 6-1.1-21-5.

Sec. 19. (a) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that the state board of accounts and department of local government finance consider appropriate for the implementation of an allocation area under this chapter.

(b) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to certified technology park fund under section 17 of this chapter.

Sec. 20. (a) After entering into an agreement under section 12 of this chapter, the redevelopment commission shall send to the department of state revenue:

(1) a certified copy of the designation of the certified technology park under section 11 of this chapter;

(2) a certified copy of the agreement entered into under section 12 of this chapter; and

(3) a complete list of the employers in the certified technology park and the street names and the range of street numbers of each street in the certified technology park.

The redevelopment commission shall update the list provided under subdivision (3) before July 1 of each year.

(b) Not later than sixty (60) days after receiving a copy of the designation of the certified technology park, the department of state revenue shall determine the gross retail base period amount and the income tax base period amount.

Sec. 21. Before the first business day in October of each year, the department of state revenue shall calculate the income tax incremental amount and the gross retail incremental amount for the preceding state fiscal year for each certified technology park designated under this chapter.

C o p y

Sec. 22. (a) The treasurer of state shall establish an incremental tax financing fund for each certified technology park designated under this chapter. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for a certified technology park under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the certified technology park, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the certified technology park.

(2) The aggregate amount of the following taxes paid by employees employed in the certified technology park with respect to wages earned for work in the certified technology park, until the amount deposited equals the income tax incremental amount:

(A) The adjusted gross income tax.

(B) The county adjusted gross income tax.

(C) The county option income tax.

(D) The county economic development income tax.

(c) No additional deposits shall be made in an incremental tax financing fund under subsection (b) after the total amount of deposits that has been made in that fund reaches five million dollars ($5,000,000).

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a certified technology park shall be distributed to the redevelopment commission for deposit in the certified technology park fund established under section 23 of this chapter.

Sec. 23. (a) Each redevelopment commission that establishes a certified technology park under this chapter shall establish a certified technology park fund to receive:

(1) property tax proceeds allocated under section 17 of this chapter; and

(2) money distributed to the redevelopment commission under section 22 of this chapter.

(b) Money deposited in the certified technology park fund may be used by the redevelopment commission only for one (1) or more of the following purposes.

C o p y

(1) Acquisition, improvement, preparation, demolition, disposal, construction, reconstruction, remediation, rehabilitation, restoration, preservation, maintenance, repair, furnishing, and equipping of public facilities.

(2) Operation of public facilities described in section 9(2) of this chapter.

(3) Payment of the principal of and interest on any obligations that are payable solely or in part from money deposited in the fund and are incurred by the redevelopment commission for the purpose of financing or refinancing the development of public facilities in the certified technology park.

(4) Establishment, augmentation, or restoration of the debt service reserve for obligations described in subdivision (3).

(5) Payment of the principal of and interest on bonds issued by the unit to pay for public facilities in or serving the certified technology park.

(6) Payment of premiums on the redemption before maturity of bonds described in subdivision (3).

(7) Payment of amounts due under leases payable from money deposited in the fund.

(8) Reimbursement of the unit for expenditures made by it for public facilities in or serving the certified technology park.

(9) Payment of expenses incurred by the redevelopment commission for public facilities that are in the certified technology park or serving the certified technology park.

(c) The certified technology park fund may not be used for operating expenses of the redevelopment commission.

Sec. 24. (a) A redevelopment commission may issue bonds for the purpose of providing public facilities under this chapter.

(b) The bonds are payable solely from:

(1) property tax proceeds allocated to the certified technology park fund under section 17 of this chapter;

(2) money distributed to the redevelopment commission under section 22 of this chapter;

(3) other funds available to the redevelopment commission; or

(4) a combination of the methods stated in subdivisions (1) through (3).

(c) The bonds shall be authorized by a resolution of the redevelopment commission.

(d) The terms and form of the bonds shall either be set out in the resolution or in a form of trust indenture approved by the resolution.

C o p y

(e) The bonds must mature within fifty (50) years.

(f) The redevelopment commission shall sell the bonds at public or private sale upon such terms as determined by the redevelopment commission.

(g) All money received from any bonds issued under this chapter shall be applied solely to the payment of the cost of providing public facilities within a certified technology park, or the cost of refunding or refinancing outstanding bonds, for which the bonds are issued. The cost may include:

(1) planning and development of the public facilities and all related buildings, facilities, structures, and improvements;

(2) acquisition of a site and clearing and preparing the site for construction;

(3) equipment, facilities, structures, and improvements that are necessary or desirable to make the public facilities suitable for use and operations;

(4) architectural, engineering, consultant, and attorney's fees;

(5) incidental expenses in connection with the issuance and sale of bonds;

(6) reserves for principal and interest;

(7) interest during construction and for a period thereafter determined by the redevelopment commission, but not to exceed five (5) years;

(8) financial advisory fees;

(9) insurance during construction;

(10) municipal bond insurance, debt service reserve insurance, letters of credit, or other credit enhancement; and

(11) in the case of refunding or refinancing, payment of the principal of, redemption premiums, if any, and interest on, the bonds being refunded or refinanced.

Sec. 25. The establishment of high technology activities and public facilities within a technology park serves a public purpose and is of benefit to the general welfare of a unit by encouraging investment, job creation and retention, and economic growth and diversity.

SECTION 236. IC 36-9-14-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) A cumulative building fund to provide money for the construction, remodeling, and repair of courthouses may be established by the county legislative body under ~~IC 6-1.1-21.~~ **IC 6-1.1-41.**

(b) As used in this section, "courthouse" includes a historical complex consisting of a former county courthouse, jail, and sheriff's

C o p y

residence which is open to the general public for educational or community purposes in a county having a population of more than one hundred sixty thousand (160,000) but less than two hundred thousand (200,000).

SECTION 237. IC 36-9-31-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 16. Any security issued in connection with a financing under this chapter the interest on which is excludable from **adjusted** gross income tax is exempt from the registration requirements of IC 23-2-1, or any other securities registration law.

SECTION 239. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2002]: IC 6-3.1-21-10; IC 12-15-2-15.7; IC 12-17-1.

THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2004]: IC 6-2.1-1-0.5; IC 6-2.1-1-0.6; IC 6-2.1-1-3; IC 6-2.1-1-4; IC 6-2.1-1-4.5; IC 6-2.1-1-5; IC 6-2.1-1-6; IC 6-2.1-1-7; IC 6-2.1-1-8; IC 6-2.1-2-1; IC 6-2.1-2-1.2; IC 6-2.1-2-2.5; IC 6-2.1-2-4; IC 6-2.1-2-5; IC 6-2.1-2-6; IC 6-2.1-2-7; IC 6-2.1-3.5; IC 6-2.1-3-8; IC 6-2.1-3-19; IC 6-2.1-3-20; IC 6-2.1-3-21; IC 6-2.1-3-22; IC 6-2.1-3-23; IC 6-2.1-3-28; IC 6-2.1-3-30; IC 6-2.1-3-31; IC 6-2.1-3-34; IC 6-2.1-3-35; IC 6-2.1-4.5; IC 6-2.1-8-4; IC 6-3-8; IC 6-3.1-21-3; IC 6-3.1-21-4; IC 6-3.1-21-5; IC 6-3.1-21-7; IC 6-5; IC 12-13-8; IC 12-13-9; IC 12-16-14; IC 12-16.1-13-1; IC 12-16.1-13-2; IC 12-16.1-13-7; IC 12-16.1-14-1; IC 12-16.1-14-2; IC 12-16.1-14-3; IC 12-16.1-14-4; IC 12-16.1-14-5; IC 12-16.1-14-6; IC 12-17.8-1; IC 12-17.8-2-5; IC 12-19-7-5; IC 16-35-3; IC 16-35-3; IC 16-35-4.

SECTION 240. P.L.93-2000, SECTION 6, AS AMENDED BY P.L.291-2001, SECTION 101, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: SECTION 6. (a) Notwithstanding IC 21-3-1.6-1.2, as added by this act, and IC 21-3-1.7, the tuition support determined under IC 21-3-1.7-8 for a school corporation shall be reduced as follows:

(1) For 2001, the previous year's revenue determined without regard to IC 21-3-1.6-1.2, as added by this act, shall be reduced by an amount determined under the following STEPS:

STEP ONE: Determine the difference between:

(A) the school corporation's average daily membership count for 2000, without regard to IC 21-3-1.6-1.2, as added by this act; minus

(B) the school corporation's average daily membership count for 2000, as adjusted by the school corporation under this act after applying IC 21-3-1.6-1.2, as added by this act.

C o p y

STEP TWO: Determine the result of:

(A) the school corporation's previous year's revenue under IC 21-3-1.7-3.1, without regard to IC 21-3-1.6-1.2, as added by this act; divided by

(B) the school corporation's average daily membership for 2000, without regard to IC 21-3-1.6-1.2, as added by this act.

STEP THREE: Multiply the STEP ONE result by the STEP TWO result.

STEP FOUR: Multiply the STEP THREE result by one-third (1/3).

(2) For 2002, the previous year revenue determined without regard to IC 21-3-1.6-1.2, as added by this act, shall be reduced by an amount equal to the result **determined** under **STEP FOUR of** the following **formula:**

~~(A)~~ **STEP ONE: This STEP applies only to Madison Consolidated Schools. Determine the lesser of:**

(i) the amount determined under STEP THREE of subdivision (1); or

(ii) the school corporation's 2001 previous year's revenue under IC 21-3-1.7-3.1, without regard to IC 21-3-1.6-1.2;

minus the 2001 school corporation's previous year's revenue under IC 21-3-1.7-3.1, applying IC 21-3-1.6-1.2.

STEP TWO: This STEP applies to a school other than Madison Consolidated Schools. Determine the result of:

(i) the amount determined under STEP THREE of subdivision (1); minus

(ii) the amount determined under STEP FOUR of subdivision (1).

~~(B)~~ **STEP THREE:** Divide the ~~clause (A)~~ **STEP ONE OR STEP TWO** result, **as applicable,** by three (3).

~~(C)~~ **STEP FOUR:** Multiply the ~~clause (B)~~ **STEP THREE** result by one and three-hundredths (1.03).

(3) For 2003, the previous year revenue determined without regard to IC 21-3-1.6-1.2, as added by this act, shall be reduced by an amount equal to the reduction amount under subdivision (2) multiplied by one and two-hundredths (1.02).

(4) For 2004, the previous year revenue determined without regard to IC 21-3-1.6-1.2, as added by P.L.93-2000, shall be reduced by an amount equal to the reduction under subdivision (2) multiplied by one and two-hundredths (1.02).

(b) This SECTION expires January 1, 2005.

SECTION 241. [EFFECTIVE JULY 1, 2002] **(a) The county**

C o p y

medical assistance to wards fund is abolished on January 1, 2004. Money remaining in the county medical assistance to wards fund on January 1, 2004, shall be transferred to the auditor of state for deposit in the state general fund before January 6, 2004. Taxes collected after December 31, 2003, that became due and payable before January 1, 2004, as a result of a property tax levy imposed for the county medical assistance to wards fund shall be transferred to the state general fund before the fifth day after the month in which the taxes are collected. A refund after December 31, 2003, of property tax payments initially collected from a taxpayer as a result of a levy imposed before January 1, 2004, for the county medical assistance to wards fund shall be reimbursed from the county general fund. A property tax levy for the county medical assistance to wards fund may not be imposed after December 31, 2003.

(b) The children with special health care needs county fund is abolished on January 1, 2004. Money remaining in the children with special health care needs county fund on January 1, 2004, shall be transferred to the auditor of state for deposit in the state general fund before January 6, 2004. Taxes collected after June 30, 2002, that became due and payable before July 1, 2002, as a result of a property tax levy imposed for the children with special health care needs county fund shall be transferred to the state general fund before the fifth day after the month in which the taxes are collected. A refund after December 31, 2003, of property tax payments initially collected from a taxpayer as a result of a levy imposed before January 1, 2004, for the children with special health care needs county fund shall be reimbursed from the county general fund. A property tax levy for the children with special health care needs county fund may not be imposed after December 31, 2003.

(c) After December 31, 2003, a property tax levy for the county general fund or any separate county hospital care for the indigent fund may not include any amount for transfer to the state for the hospital care of the indigent program or the uninsured parent program.

SECTION 242. [EFFECTIVE JULY 1, 2002] **The department of local government finance shall prescribe the forms required under IC 6-1.1-12-41, as added by this act, before August 31, 2002.**".

Page 36, delete lines 21 through 25, begin a new paragraph and insert:

"SECTION 51. [EFFECTIVE MAY 1, 2002] **Revenue stamps paid**

C o p y

for before May 1, 2002, may be used after April 30, 2002, only if the full amount of the tax imposed by IC 6-7-1-12, as amended by this act, is remitted to the department of state revenue under the procedures prescribed by the department.".

Page 36, delete lines 41 through 42, begin a new paragraph, and insert:

"SECTION 142. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding P.L.29-2001, SECTION 5, the total operating expense for all universities shall be reduced by $29,000,000 for FY 2002-2003. The amount of the reduction for each main and regional campus equals the amount determined under STEP FOUR of the following formula:**

STEP ONE: Determine the amount of the total operating appropriation to the campus.

STEP TWO: Determine the amount of the total operating appropriations for all university campuses.

STEP THREE: Divide the STEP ONE amount by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by $29,000,000.

(b) Notwithstanding P.L.29-2001, SECTIONS 5 and 38 and any other law, universities may use a part of the money allocated to them from the appropriation from the BUILD INDIANA FUND (BIF) (IC 4-30-27), FOR THE BUDGET AGENCY, Higher Education Technology for operating expenses to defray the reductions under subsection (a). The amount available for operating expense may not exceed a total of $29,000,000. The formula in subsection (a) shall be used to determine the amount main and regional campuses shall receive.

SECTION 243. [EFFECTIVE UPON PASSAGE] **Notwithstanding P.L.291-2001, SECTION 5, and notwithstanding any agreement entered into by Ivy Tech State College or Vincennes University to freeze Indiana resident tuition at the level at which it existed on January 1, 2001:**

(1) Ivy Tech State College may increase tuition for Indiana residents if it does not receive the $852,965 appropriated for FY 2002-2003 to compensate the college for not increasing tuition for Indiana residents; and

(2) Vincennes University may increase fees for Indiana residents if it does not receive the $2,998,265 appropriated for FY 2002-2003 to compensate the university for not increasing tuition for Indiana residents.".

C o p y

Page 37, delete lines 1 through 18.

Page 37, delete lines 38 through 42, begin a new paragraph and insert:

"SECTION 59. [EFFECTIVE JULY 1, 2002] **(a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established under IC 12-8-6-1.**

(b) Before September 1, 2002, the office shall apply to the United States Department of Health and Human Services to do the following:

(1) Amend the state's waiver under 42 U.S.C. 1396n(b)(1) to include the aged, blind, and disabled in the managed care program under IC 12-15-12.

(2) Amend the state Medicaid plan in accordance with this act.

(c) The office may not implement the amendments under subsection (b) until the office files an affidavit with the governor attesting that the amendments applied for under this SECTION have been approved. The office shall file the affidavit under this subsection not later than five (5) days after the office is notified that the amendments are approved.

(d) If the United States Department of Health and Human Services approves the amendments applied for under this SECTION and the governor receives the affidavit filed under subsection (c), the office shall implement the amendments not more than sixty (60) days after the governor receives the affidavit.

(e) The office may adopt rules under IC 4-22-2 to implement this SECTION.

(f) This SECTION expires December 31, 2008.

SECTION 244. [EFFECTIVE UPON PASSAGE] **(a) Before July 1, 2002, the department of environmental management shall pay to the state general fund the total amount received from the fiscal year 2001-2002 appropriation to the department under P.L.291-2001, SECTION 10.**

(b) This SECTION expires July 2, 2002.

SECTION 245. [EFFECTIVE UPON PASSAGE] **(a) The definitions in IC 6-1.1-1 apply throughout this SECTION.**

(b) Subject to subsection (c), the effective date of 50 IAC 2.3, 50 IAC 5.2 (to the extent that it applies to the assessment of real property), and any other rule to the extent that it applies to the assessment of real property and is adopted by the state board of tax commissioners or the department of local government finance after January 1, 2001, and March 1, 2003, are delayed and first

C o p y

apply to assessment dates after January 1, 2003. This subsection does not prohibit the department of local government from issuing procedural rules or guidelines or prescribing forms that are consistent with the requirements of subsection (c).

(c) 50 IAC 2.3 (including the 2002 Real Property Assessment Manual and the Real Property Assessment Guidelines for 2002–Version A) and any other rule adopted by the state board of tax commissioners or the department of local government finance is void to the extent that it establishes a shelter allowance for real property used as a residence.

SECTION 246. [EFFECTIVE JULY 1, 2002] **(a) IC 6-1.1-20.9-2, as amended by this act, applies to property taxes first due and payable after December 31, 2003.**

(b) IC 6-1.1-20.9-2.5, as added by this act, applies only to property taxes due and payable in 2004.

SECTION 247. [EFFECTIVE JULY 1, 2003] **(a) For purposes of:**

(1) IC 6-2.5-2-2, as amended by this act;
(2) IC 6-2.5-6-7, as amended by this act;
(3) IC 6-2.5-6-8, as amended by this act;
(4) IC 6-2.5-6-10, as amended by this act;
(5) IC 6-2.5-7-3, as amended by this act; and
(6) IC 6-2.5-7-5, as amended by this act;

all transactions, except the furnishing of public utility, telephone, or cable television services and commodities by retail merchants described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11 shall be considered as having occurred after June 30, 2003, to the extent that delivery of the property or services constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before July 1, 2003, to the extent that the agreement of the parties to the transaction was entered into before June 1, 2003, and payment for the property or services furnished in the transaction is made before July 1, 2003, notwithstanding the delivery of the property or services after June 30, 2003.

(b) With respect to a transaction constituting the furnishing of public utility, telephone, or cable television services and commodities, only transactions for which the charges are collected upon original statements and billings dated after July 31, 2003, shall be considered as having occurred after June 30, 2003.

(c) This SECTION expires July 1, 2004.

SECTION 248. [EFFECTIVE JULY 1, 2002] **(a) The definitions**

C o p y

in IC 6-2.2-2, as added by this act, apply throughout this SECTION.

(b) IC 6-2.2 (franchise tax), as added by this act, applies only to taxable years beginning after December 31, 2003.

(c) The department of state revenue shall adopt the initial rules and prescribe the initial forms to implement IC 6-2.2 (franchise tax), as added by this act, before January 1, 2004. The department of state revenue may adopt the initial rules required under this SECTION in the same manner that emergency rules are adopted under IC 4-22-2-37.1. A rule adopted under this SECTION expires on the earlier of the following:

(1) The date that the rule is superseded, amended, or repealed by a permanent rule adopted under IC 4-22-2 or another rule adopted under this SECTION.

(2) July 1, 2005.

(d) This subsection applies to a taxpayer that:

(1) engaged in doing business in Indiana in any calendar year before January 1, 2004;

(2) has a taxable year for federal income tax purposes that began before January 1, 2004, and is not a calendar year; and

(3) seeks to engage in doing business in Indiana in 2004.

The initial taxable year for a taxpayer described in this subsection is a short taxable year. Notwithstanding IC 6-2.2-4-1, as added by this act, the initial taxable year of a taxpayer under IC 6-2.2, as added by this act, begins January 1, 2004. The initial taxable year of the taxpayer ends on the day immediately preceding the day that the taxpayer's next taxable year for federal income tax purposes begins. Notwithstanding IC 6-2.2-8, as added by this act, the tax imposed under IC 6-2.2, as added by this act, for the initial taxable year of the taxpayer is equal to the tax computed under IC 6-2.2-8 multiplied by a fraction. The numerator is the number of days remaining in the taxpayer's taxable year after January 1, 2004, and the denominator is the total number of days in the taxable year. The return for the initial short taxable year of the taxpayer is due before April 16, 2004.

SECTION 249. [EFFECTIVE JANUARY 1, 2004] **IC 6-3-2-1, as amended by this act (as it applies to individuals, estates, and trusts only), applies only to taxable years beginning after December 31, 2003.**

SECTION 250. [EFFECTIVE JULY 1, 2002] **(a) This SECTION applies to a taxpayer that:**

(1) pays supplemental net income tax under IC 6-3-8; and

C o p y

(2) has a taxable year that begins before January 1, 2004, and ends after December 31, 2004.

(b) A taxpayer shall file the taxpayer's estimated supplemental net income tax return and pay the taxpayer's estimated supplemental net income tax liability to the department of state revenue as provided by law for due dates that occur before January 1, 2003.

(c) Not later than April 15, 2004, a taxpayer shall file a final supplemental net income tax return with the department of state revenue on a form and in the manner prescribed by the department of state revenue. At the time of filing the final supplemental net income tax return, a taxpayer shall pay to the department of state revenue an amount equal to the remainder of:

(1) the total supplemental net income tax liability incurred by the taxpayer for the part of the taxpayer's taxable year that occurred in calendar year 2003; minus

(2) the sum of:

(A) the total amount of supplemental net income taxes that were previously paid by the taxpayer to the department of state revenue for any quarter of that same part of the taxpayer's taxable year; plus

(B) any supplemental net income taxes that were withheld from the taxpayer for that same part of the taxpayer's taxable year.

SECTION 251. [EFFECTIVE JULY 1, 2002] **(a) This SECTION applies to a taxpayer that:**

(1) was subject to the gross income tax under IC 6-2.1 before January 1, 2004;

(2) has a taxable year that begins before January 1, 2004, and ends after December 31, 2004; and

(3) is not subject to the gross income tax under IC 6-2.1 after December 31, 2003.

(b) A taxpayer shall file the taxpayer's estimated gross income tax return and pay the taxpayer's estimated gross income tax liability to the department of state revenue as provided in IC 6-2.1-5-1.1 for due dates that occur before January 1, 2004.

(c) Not later than April 15, 2004, a taxpayer shall file a final gross income tax return with the department of state revenue on a form and in the manner prescribed by the department of state revenue. At the time of filing the final gross income tax return, a taxpayer shall pay to the department of state revenue an amount equal to the remainder of:

C o p y

(1) the total gross income tax liability incurred by the taxpayer for the part of the taxpayer's taxable year that occurred in calendar year 2003; minus

(2) the sum of:

(A) the total amount of gross income taxes that were previously paid by the taxpayer to the department of state revenue for any quarter of that same part of the taxpayer's taxable year; plus

(B) any gross income taxes that were withheld from the taxpayer for that same part of the taxpayer's taxable year under IC 6-2.1-6.

SECTION 252. [EFFECTIVE JULY 1, 2002] **(a) This SECTION applies to the following credits:**

(1) Business personal property credit (IC 6-3.1-23.8).

(2) Investment credit (IC 6-3.1-24).

(3) Research expense credit (IC 6-3.1-4).

(4) Corporate headquarters relocation credit (IC 6-3.1-25).

(b) The amendments made by this act to increase the credit described in subsection (a)(1) and (a)(3) and to establish the credit described in subsection (a)(2) and (a)(4) apply to expenditures made after December 31, 2003, regardless of when the taxpayer's taxable year begins. The amendments to the credits described in subsection (a)(1) and (a)(2) apply to tax payments for taxes first due and payable in calendar year 2004. Tangible property first assessed in 2002 is eligible only for one (1) year of the investment credit (IC 6-3.1-24) in 2004 at the ten percent (10%) rate.

SECTION 253. [EFFECTIVE JULY 1, 2002] **(a) This SECTION applies to a corporate taxpayer that:**

(1) pays adjusted gross income tax under IC 6-3-1 through IC 6-3-7; and

(2) has a taxable year that begins before January 1, 2004, and ends after December 31, 2003.

(b) The rate of the adjusted gross income tax imposed under IC 6-3-2-1 for that taxable year is a rate equal to the sum of:

(1) three and four-tenths percent (3.4%) multiplied by a fraction, the numerator of which is the number of days in the taxpayer's taxable year that occurred before January 1, 2004, and the denominator of which is the total number of days in the taxable year; and

(2) eight and five-tenths percent (8.5%) multiplied by a fraction, the numerator of which is the number of days in the taxpayer's taxable year that occurred after December 31,

C o p y

2003, and the denominator of which is the total number of days in the taxable year.

(c) However, the rate determined under this section shall be rounded to the nearest one-hundredth of one percent (0.01%).

SECTION 254. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Baugo Twp. Little League - Elkhart Co. is $5,000 and not $10,000.**

(b) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for East End Little League - St. Joseph Co. is $5,000 and not $10,000.

(c) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Elkhart - road projects - Elkhart Co. is $10,000 and not $25,000.

(d) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Mishawaka - AM General road projects - St. Joseph Co. $150,000 is canceled and $75,000 is appropriated to Mishawaka - road projects - St. Joseph Co. from the Build Indiana Fund.

(e) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Mishawaka Parks Dept. - Baker Park - High School Baseball Field - St. Joseph Co. for $15,000 is canceled.

(f) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Northside Little League - St. Joseph Co. is $5,000 and not $10,000.

(g) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Osceola - dry wells- St. Joseph Co. is $10,000 and not $50,000.

(h) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Osceola Little League - St. Joseph Co. is $5,000 and not $10,000.

(i) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET

C o p y

AGENCY - LOCAL PROJECTS for Penn North VFD - safety equipment - St. Joseph Co. is $7,500 and not $15,000.

(j) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Penn South VFD - safety equipment - St. Joseph Co. for $15,000 is canceled.

(k) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Penn Twp. - youth center- St. Joseph Co. for $40,000 is canceled.

(l) Notwithstanding P.L.291-2001, SECTION 38, $275,000 is appropriated for the School City of Mishawaka from the Build Indiana Fund.

(m) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for Southwest Little League - St. Joseph Co. is $5,000 and not $10,000.

(n) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the Build Indiana Fund FOR THE BUDGET AGENCY - LOCAL PROJECTS for WNIT Channel 34 - building - St. Joseph Co. for $25,000 is canceled.

SECTION 255. [EFFECTIVE JULY 1, 2002] **(a) Each year between 2002 and 2005, four million seven-hundred twenty thousand dollars ($4,720,000) shall be transferred from the master settlement agreement to the tobacco farmers fund. The commissioner of agriculture shall distribute the tobacco farmers fund to tobacco growers and tobacco quota owners using the same formula and process used for the Phase II payment program. The commissioner of agriculture may contract with consultants, financial institutions, and legal counsel to assist in the administration of the tobacco farmers fund and may pay the expenses of those contracts from money in the fund.**

(b) For the years 1999 through 2001, the amount required to make the total payments to tobacco growers and tobacco quota owners equal to the amount described in the Phase II agreement shall be distributed on a pro rata basis over the life of the Phase II payment program.

SECTION 256. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding P.L.291-2001, SECTION 8, the amount allocated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, From the General Fund for FY 2002-2003, is $0 and not $54,841,661.**

C o p y

(b) Notwithstanding P.L.291-2001, SECTION 8, the amount allocated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, From the Motor Vehicle Highway Account (IC 8-14-1) for FY 2002-2003 is $109,673,322 and not $54,841,661.

(c) Notwithstanding P.L.291-2001, SECTION 8, augmentation for FY 2002-2003 FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION for FY 2002-2003 is allowed from the Motor Vehicle Highway Account and the Motor Carrier Regulation Fund and not from the General Fund.

SECTION 257. [EFFECTIVE JULY 1, 2002] **Notwithstanding P.L.291-2001, SECTION 8, the amounts appropriated FOR THE INDIANA SATE POLICE AND MOTOR CARRIER INSPECTION, for Personal Services and Other Operating Expense are from the Motor Vehicle Highway Account and the Motor Carrier Regulation Fund and not from the General Fund.**

SECTION 258. [EFFECTIVE JULY 1, 2002] **(a) Notwithstanding P.L.291-2001, SECTION 8, the amount appropriated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, PENSION FUND, General Fund, Total Operating Expense for FY 2002-2003 is $0 and not $4,793,521.**

(b) Notwithstanding P.L.291-2001, SECTION 8, the amount appropriated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, PENSION FUND, Motor Vehicle Highway Account (IC 8-14-1), Total Operating Expense for FY 2002-2003, is $9,587,042 and not $4,793,521.

SECTION 259. [EFFECTIVE JULY 1, 2002] **(a) Notwithstanding P.L.291-2001, SECTION 8, the amount appropriated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, BENEFIT FUND, General Fund, Total Operating Expense for FY 2002-2003 is $0 and not $1,472,716.**

(b) Notwithstanding P.L.291-2001, SECTION 8, the amount appropriated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, BENEFIT FUND, Motor Vehicle Highway Account (IC 8-14-1), Total Operating Expense for FY 2002-2003 is $2,945,436, and not $1,472,718.

(c) Notwithstanding P.L.291-2001, SECTION 8, augmentation FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, is allowed from the Motor Vehicle Highway Account and not the General Fund.

SECTION 260. [EFFECTIVE JULY 1, 2002] **(a) Notwithstanding P.L.291-2001, SECTION 8, the amount appropriated FOR THE**

C o p y

INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, SUPPLEMENTAL PENSION, General Fund, Total Operating Expense for FY 2002-2003 is $0 and not $1,650,000.

(b) Notwithstanding P.L.291-2001, SECTION 8, the amount appropriated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, SUPPLEMENTAL PENSION, Motor Vehicle Highway Account (IC 8-14-1), Total Operating Expense for FY 2002-2003 is $3,300,000 and not $1,650,000.

(c) Notwithstanding P.L.291-2001, SECTION 8, augmentation for FY 2002-2003 FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, SUPPLEMENTAL PENSION, is allowed from the Motor Vehicle Highway Account and not from the General Fund.

SECTION 261. [EFFECTIVE JULY 1, 2002] **(a) Notwithstanding P.L.291-2001, SECTION 8, the amount appropriated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, ENFORCEMENT AID FUND, General Fund, Total Operating Expense for FY 2002-2003 is $0 and not $87,500.**

(b) Notwithstanding P.L.291-2001, SECTION 8, the amount appropriated FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, ENFORCEMENT AID FUND, General Fund, Total Operating Expense for FY 2002-2003 is $175,000 and not $87,500.

(c) Notwithstanding P.L.291-2001, SECTION 8, augmentation FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION, ENFORCEMENT AID FUND for FY 2002-2003 is from the Motor Vehicle Highway Account and not from the General Fund.".

Delete page 38.

Page 39, delete lines 1 through 3.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1004 as introduced.)

BAUER, Chair

Committee Vote: yeas 16, nays 0.

C o p y

HOUSE MOTION

Mr. Speaker: I move that House Bill 1004 be amended to read as follows:

Replace the effective dates in SECTIONS 62 through 80 with "[EFFECTIVE JULY 1, 2003]".

Page 7, line 15, delete "franchise tax" and insert "**activity fee**".

Page 11, line 8, strike "(a)".

Page 11, line 9, strike "the following purposes:" and insert "**distributions under section 5 of this chapter.**".

Page 11, strike lines 10 through 38.

Page 31, delete lines 40 through 42, begin a new paragraph and insert:

"**Sec. 1. Notwithstanding any provision in the 2002 Real Property Assessment Manual and Real Property Assessment Guidelines for 2002-Version A, incorporated by reference in the rules of the local government finance commissioner, as codified at 50 IAC 2.3-1-2, a county property tax assessment board of appeals or the Indiana board shall consider all evidence relevant to the assessment of residential rental property regardless of whether the evidence was submitted to the township assessor before the assessment of the property.**".

Page 32, delete lines 1 through 13.

Page 34, line 26, delete "and property taxes first due and" and insert "**.**".

Page 34, delete lines 27 through 28.

Page 49, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 41. IC 6-1.1-20.9-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 7. Not later than September 15, 2002, each county auditor shall mail or otherwise distribute a written notice to each individual who is eligible for a homestead credit. The notice shall be distributed to the address of the individual provided in the credit statement filed under section 3 of this chapter or, if the address is incomplete on the credit statement, the tax duplicate or special assessment records. The notice must describe the homestead credit provided to individual under this chapter in substantially the following form:**

> **"Your assessing officials are doing a general reassessment of all real property in the county. The reassessment is necessary to comply with Indiana law. The Indiana General Assembly has enacted changes to the homestead credit to substantially reduce the effects that this reassessment may have on your**

C o p y

home. In the first year that the reassessment applies, your assessment will be reduced by the basic homestead credit and a supplemental circuit breaker. The basic homestead credit will reduce your total assessment by 15%. The supplemental circuit breaker will reduce any increase in your assessment by 25%. Local services will not be affected by this credit. Local government units will receive a distribution of state tax revenues to replace the amount of this credit.".

Page 75, line 39, delete "BUSINESS FRANCHISE TAX" and insert "**BUSINESS ACTIVITY FEE**".

Page 85, line 35, delete "Franchise Tax" and insert "**Activity Fee**".

Page 85, between lines 41 and 42, begin a new paragraph and insert:

"**Sec. 3. If the taxable net worth of the taxpayer is less than fifty thousand dollars ($50,000) the tax imposed by this chapter in a taxable year is zero (0).**".

Page 85, line 42, delete "3" and insert "**4**".

Page 86, line 4, after "is" insert "**greater than fifty thousand dollars ($50,000) and is**".

Page 86, line 8, delete "4" and insert "**5**".

Page 86, line 11, after "is" insert "**greater than fifty thousand dollars ($50,000) and is**".

Page 86, line 15, delete "5" and insert "**6**".

Page 86, line 15, delete "and" and insert "**,**".

Page 86, line 15, after "4" insert "**, and 5**".

Page 86, line 29, delete "6" and insert "**7**".

Page 86, line 29, delete "2 and 3" and insert "**3, 4, and 5**".

Page 87, line 17, delete "franchise".

Page 87, line 22, delete "IC 27-8-8-15;" and insert "**IC 27-8-8-16;**".

Page 87, line 27, delete "Taxes;" and "**Fees;**".

Page 101, delete lines 17 through 30, begin a new paragraph and insert:

"(1) Forty percent (40%) of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.

(2) Fifty-nine and ~~three-hundredths~~ **one hundred ninety-two thousandths** percent ~~(59.03%)~~ **(59.192)** of the collections shall be paid into the state general fund.

~~(3) Seventy-six hundredths~~ **(2) Six hundred thirty-three thousandths** of one percent ~~(0.76%)~~ **(0.633%)** of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.

~~(4) Four hundredths~~ **(3) Thirty-three thousandths** of one percent ~~(0.04%)~~ **(0.033%)** of the collections shall be deposited into the

C o p y

industrial rail service fund established under IC 8-3-1.7-2.

~~(5) Seventeen hundredths~~ **(4) One hundred forty-two thousandths** of one percent ~~(0.17%)~~ **(0.142%)** of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.".

Page 137, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 129. IC 6-3.1-23.8-1.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 1.7. As used in this chapter, "inventory" has the meaning set forth in IC 6-1.1-3-11.**".

Page 138, line 15, delete "SIX" and insert "**FIVE**".

Page 138, delete lines 17 through 42, begin a new line block indented and insert:

"**STEP ONE: Determine the net ad valorem property taxes paid by the taxpayer in the taxable year on business personal property (excluding inventory) with an assessed value equal to the lesser of:**

(A) the assessed value of the person's business personal property; or

(B) an assessed value of thirty-seven thousand five hundred dollars ($37,500).

STEP TWO: Subtract the assessed value of business personal property (excluding inventory) on which the taxpayer paid ad valorem property taxes in the taxable year from thirty-seven thousand five hundred dollars ($37,500).

STEP THREE: This STEP applies only if the STEP TWO result is greater than zero (0). Determine the net ad valorem property taxes paid by the taxpayer in the taxable year on inventory with an assessed value equal to the lesser of:

(A) the assessed value of the person's inventory; or

(B) the STEP TWO result.

STEP FOUR: If the net ad valorem property taxes paid by the taxpayer in the taxable year on inventory exceeded the amount of net ad valorem property taxes determined under STEP THREE, determine fifty percent (50%) the remaining net ad valorem property taxes paid by the taxpayer in the taxable year on inventory.

STEP FIVE: Determine the sum of the STEP ONE, STEP THREE, and STEP FOUR amounts.".

Page 139, delete lines 1 through 8.

Page 171, line 22, delete "fifty-seven" and insert "**eighty-nine**".

C o p y

Page 171, line 23, delete "(6.57%)" and insert "**(6.89%)**".

Page 171, line 28, delete "Eighty-four" and insert "**Eighty-three**".

Page 171, line 29, delete "five-hundredths" and insert "**seventy-three hundredths**".

Page 171, line 29, delete "(84.05%)" and insert "**(83.73%)**".

Page 171, between lines 41 and 42, begin a new paragraph and insert:

"SECTION 155. IC 6-7-1-29.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 1, 2002]: Sec. 29.1. (a) ~~One-third (1/3)~~ **Thirty-two percent (32%)** of the money in the cigarette tax fund is annually appropriated to the department of natural resources.

(b) The department shall use at least two percent (2%) but not more than twenty-one percent (21%) of the money appropriated to it under this section for:

(1) flood control and water resource projects, including multiple-purpose reservoirs; and

(2) applied research related to technical water resource problems.

The department may use the money to plan, design, acquire land for, or construct the projects.

(c) The department shall use at least thirty-six percent (36%) of the money appropriated to it under this section to construct, reconstruct, rehabilitate, or repair general conservation facilities or to acquire land.

(d) The department shall use at least forty-three percent (43%) of the money appropriated to the department under this section for soil conservation and lake and river enhancement under IC 14-32.

SECTION 156. IC 6-7-1-30.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 1, 2002]: Sec. 30.1. (a) ~~Two-thirds (2/3)~~ **Sixty-eight percent (68%)** of the money in the cigarette tax fund is annually appropriated to the cities and towns of this state and to certain local governmental entities.

(b) The amount which is allocated to each city or town under this section equals the product of:

(1) the total amount appropriated under subsection (a); multiplied by

(2) a fraction, the numerator of which is the population of the city or town, and the denominator of which is the total population of all the cities and towns of Indiana.

(c) The auditor of state shall calculate and distribute the amount allocated to each city or town under this section on or before June 1 and December 1 of each year. To make these semiannual distributions, the auditor of state shall issue warrants drawn on the cigarette tax fund to the officials designated in subsection (d) or (e).

C o p y

(d) For a consolidated city, or a city or town which is located in the same county as the consolidated city, the auditor of state shall issue a warrant for:

(1) three-fourteenths (3/14) of the money allocated to the city or town under subsection (b) to the fiscal officer of the city or town; and

(2) the remaining eleven-fourteenths (11/14) of the money to the treasurer of that county.

The fiscal officer of the city or town shall deposit the money distributed to him under this subsection in the city's or town's general fund. The county treasurer shall annually deposit three hundred fifty thousand dollars ($350,000) which he receives under this subsection in the capital improvement bond fund of the county. The remainder of the money which the county treasurer receives under this subsection is appropriated to the department of transportation of the consolidated city. The county treasurer shall serve as custodian of the money so appropriated to the department.

(e) For a city or town which is not located in the same county as a consolidated city, the auditor of state shall issue a warrant for the total amount allocated to the city or town under subsection (b) to the fiscal officer of the city or town. The fiscal officer shall deposit three-fourteenths (3/14) of the money in the city's or town's general fund, and he shall deposit the remaining eleven-fourteenths (11/14) of the money in the city's or town's cumulative capital improvement fund.".

Page 172, line 26, delete "franchise tax" and insert "**business activity fee**".

Page 175, delete lines 27 through 42.

Page 176, delete lines 1 through 17.

Page 178, line 1, delete "Each month, after making the allocations to the department of".

Page 178, delete lines 2 through 24.

Page 178, line 25, delete "(7)".

Page 178, run-in lines 1 through 27.

Page 178, line 28, delete "(5) (8)" and insert "(5)".

Page 178, line 30, delete "(6) (9)" and insert "(6)".

Page 178, line 28, delete "(7) (10)" and insert "(7)".

Page 178, line 36, delete ",".

Page 179, line 8, delete "3(7) 3(8)" and insert "3(7)".

Page 178, line 37, delete 37, delete "other than subdivisions (4) through (6),".

Page 192, line 2, delete ":".

C o p y

Page 192, line 3, delete "(A)".
Page 192, line 3, delete ", except that these services:".
Page 192, delete lines 4 through 6.
Page 192, line 7, delete "(19) years of age;".
Page 192, line 8, delete "(B)".
Page 192, run-in lines 2 through 8.
Page 239, line 24, delete "minus" and insert "**plus**".
Page 239, line 25, delete "the sum of:".
Page 239, delete line 26.
Page 239, line 27, delete "(ii)".
Page 239, run-in lines 25 through 29.
Page 245, line 13, delete "franchise taxes," and insert "**activity fees,**".
Page 245, line 38, delete "franchise taxes," and insert "**activity fees,**".
Page 250, line 31, delete "franchise taxes," and insert "**activity fees,**".
Page 251, line 37, delete "franchise taxes," and insert "**activity fees,**".
Page 300, line 30, after "2002]:" insert "IC 4-12-9-4".
Page 301, line 40, delete ";".
Page 301, run-in lines 39 through 42.
Page 302, line 4, delete "; minus" and insert ".".
Page 302, line 2, strike "result of:".
Page 302, line 3, strike "(i) the".
Page 302, run-in lines 1 through 4.
Page 302, line 5, delete "(ii)", begin a new line block indented and insert:

"**STEP THREE: Determine the result of the STEP ONE or STEP TWO amount as applicable** minus".

Page 302, line 7, delete "THREE:": and insert "**FOUR:**".
Page 302, line 7, delete "ONE OR" and insert "**THREE**".
Page 302, line 8, delete "STEP TWO".
Page 302, line 8, delete ", as applicable,".
Page 302, line 9, delete "FOUR:" and insert "**FIVE:**".
Page 302, line 9, delete "THREE" and insert "**FOUR**".
Page 305, line 4, delete "$852,965" and insert "**$1,521,287**".
Page 305, line 8, delete "$2,998,265" and insert "**$432,785**".
Page 306, delete lines 13 through 18, begin a new paragraph and insert:

"SECTION 304. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding P.L.291-2001, SECTION 10, FOR THE**

C o p y

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT, AUTO EMISSIONS TESTING PROGRAM, Other Operating Expense for the biennium is $0.0 and not $14,987,334.

(b) Notwithstanding P.L.291-2001, SECTION 10, there is appropriated from the underground petroleum storage tank excess liability trust fund (IC 13-23-7-1) $14,987,334 to the DEPARTMENT OF ENVIRONMENTAL MANAGEMENT, AUTO EMISSIONS TESTING PROGRAM for Other Operating Expense for the period beginning July 1, 2001, and ending June 30, 2003. Any money spent from the appropriation from the general fund for the auto emissions testing program for other operating expense shall be refunded to the general fund from the underground petroleum storage and excess liability trust fund.".

Page 306, delete lines 37 through 41.

Page 310, between lines 10 and 11, begin a new paragraph and insert:

"SECTION 313. [EFFECTIVE JULY 1, 2002] **(a) This SECTION applies to the following credits and deductions:**

(1) Standard deduction under IC 6-1.1-12-37.

(2) Multifamily dwelling complex deduction under IC 6-1.1-12-42.

(3) Increased homestead credits under IC 6-1.1-20.9-2 and IC 6-1.1-20.9-2.5.

(b) The deductions under subsection (a) initially apply to property taxes first due and payable in 2004.

SECTION 314. [EFFECTIVE JULY 1, 2003] **(a) The appropriation FOR THE BUREAU OF MOTOR VEHICLES, Motor Vehicle Highway Account (IC 8-14-1), Personal Services for Fiscal Year 2002-2003 is $48,132,557 and not $68,132,557. However, the Bureau of Motor Vehicles may supplement its appropriation from the Motor Vehicle Highway Account with additional revenue generated by fees charged in license branches.**

(b) Thirty-four million eight hundred thousand dollars ($34,800,000) that would otherwise be distributed to the state highway fund under IC 8-14-1-3 shall be used to fund the appropriation for the state police department under IC 8-14-1-3.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1004 as printed January 22, 2002.)

BAUER

C o p y

HOUSE MOTION

Mr. Speaker: I move that House Bill 1004 be amended to read as follows:

Page 59, line 37, after "the" insert "**qualified**".

Page 59, line 41, after "(1)" insert "**or more**".

Page 60, line 6, delete "is" and insert "**is:**

(1)".

Page 60, line 7, after "taxes" insert "**first**".

Page 60, line 7, after "2001" insert "**and 2002**".

Page 60, line 7, after "that" insert "**are**".

Page 60, line 9, delete "finance." and insert "**finance; plus**

(2) an amount necessary to repay the interest on a loan received by the qualified unit from the department of commerce after the taxpayer described in section 3 of this chapter defaulted on the taxpayer's property tax payments.".

Page 60, line 17, delete "ten million three" and insert "**twenty-eight million dollars ($28,000,000). The amounts loaned under this chapter are in addition to any loans received from the department of commerce by the qualified units after the taxpayer described in section 3 of this chapter defaulted on the taxpayer's property tax payments.**".

Page 60, delete line 18.

Page 61, line 1, after "(b)" delete "The" and insert "**Except as provided in subsection (d), the**".

Page 61, line 22, delete "2001;" and insert "**2001, May 2002, or November 2002;**".

Page 61, line 23, after "exceeds" insert "**the sum of**".

Page 61, line 24, delete "unit," and insert "**unit for property taxes payable in November 2001, May 2002, and November 2002,**".

(Reference is to HB 1004 as printed January 22, 2002.)

CHENEY

C o p y

HOUSE MOTION

Mr. Speaker: I move that House Bill 1004 be amended to read as follows:

Page 4, between lines 28 and 29, begin a new paragraph and insert:

"SECTION 4. IC 4-10-12-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 14, 2002 (RETROACTIVE)]: **Sec. 7. (a) As used in this section, "former employee" means an individual who:**

(1) was employed at a facility operated by the division of disability, aging, and rehabilitative services (IC 12-9-1-1), the division of mental health and addiction (IC 12-21-1-1), the state department of health (IC 16-19-1-1), or the department of correction (IC 11-8-2-1);

(2) was laid off or terminated from employment solely because of the closing or downsizing of a facility after March 14, 2002; and

(3) has not found a job elsewhere with a state agency.

(b) A former employee is entitled to be paid an amount equal to sixty percent (60%) of the current salary value for:

(1) accrued vacation days in excess of thirty (30) for which the former employee is entitled to compensation one hundred percent (100%);

(2) accrued sick days; and

(3) accrued personal days;

that the former employee had accrued at the time of termination or layoff.".

Page 23, between lines 39 and 40, begin a new paragraph and insert:

"SECTION 20. IC 5-10-8-8.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 14, 2002 (RETROACTIVE)]: **Sec. 8.5. (a) As used in this section, "former employee" means an individual who:**

(1) was employed at a facility operated by the division of disability, aging, and rehabilitative services (IC 12-9-1-1), the division of mental health and addiction (IC 12-21-1-1), the state department of health (IC 16-19-1-1), or the department of correction (IC 11-8-2-1);

(2) was laid off or terminated from employment after March 14, 2002, solely because of the closing or downsizing of a facility; and

(3) has not found a job elsewhere with a state agency.

(b) After March 14, 2002, the state shall provide to a former employee continued participation in a group health insurance

C o p y

program offered to active employees of the state for one (1) year after the date of termination or lay off.

(c) The state shall continue to make the employer contribution for former employees for a period of one (1) year or until the employee is covered by health insurance either:

(1) due to reemployment with the state; or

(2) due to employment in the private sector where the plan covering the employee is at least as beneficial to the employee as the state plan.".

Page 301, between lines 3 and 4, begin a new paragraph and insert:

"SECTION 293. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding any other law, rule, or policy, Muscatatuck state developmental center may not be closed but shall remain in operation until June 30, 2004.**

(b) The budget agency shall make any transfers of funds between appropriations in P.L.291-2001, SECTION 7, necessary to keep the Muscatatuck state developmental center in operation through June 30, 2004.

(c) This SECTION expires July 1, 2004.

SECTION 294. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "committee" refers to the interim study committee on placement of residents at Muscatatuck state developmental center and retraining and placement of employees.**

(b) There is established the interim study committee on placement of residents at Muscatatuck state developmental center and retraining and placement of employees. The committee shall study the adequacy and safe placement of residents who are receiving care at Muscatatuck state developmental center. The committee shall study how employees are being retrained and placed. Attention should be given to placement of the employees elsewhere in state employment in view of the strategic hiring freeze implemented by the governor.

(c) The committee shall operate under the policies governing study committees adopted by the legislative council.

(d) The affirmative votes of a majority of the voting members appointed to the committee are required for the committee to take action on any measure, including final reports.

(e) This SECTION expires December 31, 2004.".

Renumber all SECTIONS consecutively.

(Reference is to HB 1004 as printed January 22, 2002.)

LYTLE

C o p y

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

C o p y

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

C o p y

(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

C o p y

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.

C o p y

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;

C o p y

(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

C o p y

~~(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

C o p y

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

C o p y

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

C o p y

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

C o p y

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

C o p y

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.

C o p y

(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.".

C o p y

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

C o p y

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)

C o p y

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.

C o p y

(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)

C o p y

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);

C o p y

(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.

C o p y

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

C o p y

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

C o p y

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

C o p y

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

C o p y

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

C o p y

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.

C o p y

(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~~".

C o p y

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;

C o p y

(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

C o p y

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.

C o p y

(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

C o p y

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.

C o p y

(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

C o p y

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

C o p y

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.

C o p y

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

C o p y

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

C o p y

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

C o p y

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

C o p y

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

C o p y

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

C o p y

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

C o p y

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.

C o p y

(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.

C o p y

(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

C o p y

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.

C o p y

(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.

C o p y

(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**".

C o p y

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

C o p y

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**

C o p y

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.

C o p y

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.)

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C o p y

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.

BAUER

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