CONFERENCE COMMITTEE REPORT
DIGEST FOR EHB 1001

Citations Affected: Numerous provisions throughout the Indiana Code.

Synopsis: Budget bill. Makes appropriations for the state. Transfers money among funds. Changes the distributions made to local government. Changes certain program requirements. Increases and extends certain fees and provides for a temporary quality assessment on nursing facilities. Provides a school funding formula. Authorizes bonding for certain projects. Establishes the Indiana economic development corporation. Expands the authority of the port commission to finance and construct certain projects. Includes various other economic development initiatives. Makes other changes affecting state tax deductions and credits, property taxation, the state lottery, riverboats, pensions, corrections, Medicaid, and education. **(This conference committee report replaces the senate passed version of the bill with the house passed version, with various changes including the following: (1) Changes appropriations, distributions, and transfers. (2) Adds additional bonding approvals for certain university projects. (3) Establishes a forensic diversion program. (4) Provides for a quality assessment on nursing facilities. (5) Imposes and extends other fees and assessments (6) Makes changes affecting state tax deductions and credits, property taxation, the state lottery, riverboats, pensions, corrections, Medicaid, and education. (7) Adds various economic development initiatives. (8) Corrects typographical, clerical, and technical errors. (9) Makes other changes.)**

Effective: Upon Passage.

Adopted	Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed Senate Amendments to Engrossed House Bill No. 1001 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. [EFFECTIVE JULY 1, 2003]

(a) The following definitions apply throughout this act:
(1) "Augmentation allowed" means the governor and the budget agency are authorized to add to an appropriation in this act from revenues accruing to the fund from which the appropriation was made.
(2) "Biennium" means the period beginning July 1, 2003, and ending June 30, 2005. Appropriations appearing in the biennial column for construction or other permanent improvements may be allotted as provided in IC 4-13-2-19.
(3) "Deficiency appropriation" or "special claim" means an appropriation available during the 2002-2003 fiscal year.
(4) "Equipment" includes machinery, implements, tools, furniture, furnishings, vehicles, and other articles that have a calculable period of service that exceeds twelve (12) calendar months.
(5) "Fee replacement" includes repayment on indebtedness resulting from financing the cost of planning, purchasing, rehabilitation, construction, repair, leasing, lease-purchasing, or otherwise acquiring land, buildings, facilities, and equipment to be used for academic and instructional purposes.
(6) "Other operating expense" includes payments for "services other than personal", services by contract", "supplies, materials, and parts", "grants, subsidies, refunds, and awards", "in-state travel", "out-of-state travel", and "equipment".

(7) "Pension fund contributions" means the state of Indiana's contributions to a specific retirement fund.
(8) "Personal services" includes payments for salaries and wages to officers and employees of the state (either regular or temporary), payments for compensation awards, and the employer's share of Social Security, health insurance, life insurance, disability and retirement fund contributions.
(9) "SSBG" means the Social Services Block Grant. This was formerly referred to as "Title XX".
(10) "State agency" means:
(A) each office, officer, board, commission, department, division, bureau, committee, fund, agency, authority, council, or other instrumentality of the state;
(B) each hospital, penal institution, and other institutional enterprise of the state;
(C) the judicial department of the state; and
(D) the legislative department of the state.
However, this term does not include cities, towns, townships, school cities, school townships, school districts, other municipal corporations or political subdivisions of the state, or universities and colleges supported in whole or in part by state funds.
(11) "Total operating expense" includes payments for both "personal services" and "other operating expense".
(b) The state board of finance may authorize advances to boards or persons having control of the funds of any institution or department of the state of a sum of money out of any appropriation available at such time for the purpose of establishing working capital to provide for payment of expenses in the case of emergency when immediate payment is necessary or expedient. Advance payments shall be made by warrant by the auditor of state, and properly itemized and receipted bills or invoices shall be filed by the board or persons receiving the advance payments.
(c) All money appropriated by this act shall be considered either a direct appropriation or an appropriation from a rotary or revolving fund.
(1) Direct appropriations are subject to withdrawal from the state treasury and for expenditure for such purposes, at such time, and in such manner as may be prescribed by law. Direct appropriations are not subject to return and rewithdrawal from the state treasury, except for the correction of an error which may have occurred in any transaction or for reimbursement of expenditures which have occurred in the same fiscal year.
(2) A rotary or revolving fund is any designated part of a fund that is set apart as working capital in a manner prescribed by law and devoted to a specific purpose or purposes. The fund consists of earnings and income only from certain sources or a combination thereof. However derived, the money in the fund shall be used for the purpose designated by law as working capital. The fund at any time consists of the original appropriation thereto, if any, all receipts accrued to the fund, and all money withdrawn from the fund and invested or to be invested. The fund shall be kept intact by separate entries in the auditor of state's office, and no part thereof shall be used for any purpose other than the lawful purpose of the fund or revert to any other fund at any time. However, any unencumbered excess above any prescribed amount shall be transferred to the state general fund at the close of each fiscal year unless otherwise specified in the Indiana Code.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

SECTION 2. [EFFECTIVE JULY 1, 2003]

For the conduct of state government, its offices, funds, boards, commissions, departments, societies, associations, services, agencies, and undertakings, and for other appropriations not otherwise provided by statute, the following sums in SECTIONS 3 through 10 are appropriated for the periods of time designated from the general fund of the state of Indiana or other specifically designated funds.

In this act, whenever there is no specific fund or account designated, the appropriation is from the general fund.

SECTION 3. [EFFECTIVE JULY 1, 2003]

GENERAL GOVERNMENT

A. LEGISLATIVE

FOR THE GENERAL ASSEMBLY		
LEGISLATORS' SALARIES - HOUSE		
Total Operating Expense	**3,550,728**	**5,512,333**
HOUSE EXPENSES		
Total Operating Expense	**7,188,733**	**7,799,322**
LEGISLATORS' SALARIES - SENATE		
Total Operating Expense	**1,071,285**	**1,071,285**
SENATE EXPENSES		
Total Operating Expense	**7,186,750**	**7,797,170**

Included in the above appropriations for house and senate expenses are funds for a legislative business per diem allowance, meals and other usual and customary expenses associated with legislative affairs. Except as provided below, this allowance is to be paid to each member of the general assembly for every day, including Sundays, during which the general assembly is convened in regular or special session, commencing with the day the session is officially convened and concluding with the day the session is adjourned sine die. However, after five (5) consecutive days of recess, the legislative business per diem allowance is to be made on an individual voucher basis until the recess concludes.

Members of the general assembly are entitled, when authorized by the speaker of the house or the president pro tempore of the senate, to the legislative business per diem allowance for each and every day engaged in official business.

The legislative business per diem allowance that each member of the general assembly is entitled to receive equals the maximum daily amount allowable to employees of the executive branch of the federal government for subsistence expenses while away from home in travel status in the Indianapolis area. The legislative business per diem changes each time there is a change in that maximum daily amount.

In addition to the legislative business per diem allowance, each member of the general assembly shall receive the mileage allowance in an amount equal to the standard mileage

rates for personally owned transportation equipment established by the federal Internal Revenue Service for each mile necessarily traveled from the member's usual place of residence to the state capitol. However, if the member traveled by a means other than by motor vehicle, and the member's usual place of residence is more than one hundred (100) miles from the state capitol, the member is entitled to reimbursement in an amount equal to the lowest air travel cost incurred in traveling from the usual place of residence to the state capitol. During the period the general assembly is convened in regular or special session, the mileage allowance shall be limited to one (1) round trip each week per member.

Any member of the general assembly who is appointed, either by the governor, speaker of the house, president or president pro tempore of the senate, house or senate minority floor leader, or Indiana legislative council to serve on any research, study, or survey committee or commission, or who attends any meetings authorized or convened under the auspices of the Indiana legislative council, including pre-session conferences and federal-state relations conferences, is entitled, when authorized by the legislative council, to receive the legislative business per diem allowance for each day in actual attendance and is also entitled to a mileage allowance, at the rate specified above, for each mile necessarily traveled from the member's usual place of residence to the state capitol, or other in-state site of the committee, commission, or conference. The per diem allowance and the mileage allowance permitted under this paragraph shall be paid from the legislative council appropriation for legislator and lay member travel unless the member is attending an out-of-state meeting, as authorized by the speaker of the house of representatives or the president pro tempore of the senate, in which case the member is entitled to receive:
(1) the legislative business per diem allowance for each day the member is engaged in approved out-of-state travel; and
(2) reimbursement for traveling expenses actually incurred in connection with the member's duties, as provided in the state travel policies and procedures established by the legislative council.

Notwithstanding the provisions of this or any other statute, the legislative council may adopt, by resolution, travel policies and procedures that apply only to members of the general assembly or to the staffs of the house of representatives, senate, and legislative services agency, or both members and staffs. The legislative council may apply these travel policies and procedures to lay members serving on research, study, or survey committees or commissions that are under the jurisdiction of the legislative council. Notwithstanding any other law, rule, or policy, the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency do not apply to members of the general assembly, to the staffs of the house of representatives, senate, or legislative services agency, or to lay members serving on research, study, or survey committees or commissions under the jurisdiction of the legislative council (if the legislative council applies its travel policies and procedures to lay members under the authority of this SECTION), except that, until the legislative council adopts travel policies and procedures, the state travel policies and procedures established by the Indiana department of administration and approved by the budget agency apply to members of the general assembly, to the staffs of the house of representatives, senate, and legislative services agency, and to lay members serving on research, study, or survey committees

or commissions under the jurisdiction of the legislative council. The executive director of the legislative services agency is responsible for the administration of travel policies and procedures adopted by the legislative council. The auditor of state shall approve and process claims for reimbursement of travel related expenses under this paragraph based upon the written affirmation of the speaker of the house of representatives, the president pro tempore of the senate, or the executive director of the legislative services agency that those claims comply with the travel policies and procedures adopted by the legislative council. If the funds appropriated for the house and senate expenses and legislative salaries are insufficient to pay all the necessary expenses incurred, including the cost of printing the journals of the house and senate, there is appropriated such further sums as may be necessary to pay such expenses.

LEGISLATORS' SUBSISTENCE		
LEGISLATORS' EXPENSES - HOUSE		
Total Operating Expense	**1,775,765**	**2,015,396**
LEGISLATORS' EXPENSES - SENATE		
Total Operating Expense	**922,272**	**1,046,728**

Each member of the general assembly is entitled to a subsistence allowance of forty percent (40%) of the maximum daily amount allowable to employees of the executive branch of the federal government for subsistence expenses while away from home in travel status in the Indianapolis area:
(1) each day that the general assembly is not convened in regular or special session; and
(2) each day after the first session day held in November and before the first session day held in January.

However, the subsistence allowance under subdivision (2) may not be paid with respect to any day after the first session day held in November and before the first session day held in January with respect to which all members of the general assembly are entitled to a legislative business per diem.

The subsistence allowance is payable from the appropriations for legislators' subsistence.

The officers of the senate are entitled to the following amounts annually in addition to the subsistence allowance: president pro tempore, $6,500; assistant president pro tempore, $2,500; majority floor leader, $5,000; assistant majority floor leader, $1,000; majority caucus chair, $5,000; assistant majority caucus chair, $1,000; finance committee chair, $5,000; budget subcommittee chair, $4,000; finance committee ranking majority member, $2,000; majority whip, $3,500; assistant majority whip, $1,000; minority floor leader, $5,500; minority caucus chair, $4,500; minority assistant floor leader, $4,500; finance committee ranking minority member, $3,500; minority whip, $2,500; assistant minority whip, $500; and assistant minority caucus chair, $500.

Officers of the house of representatives are entitled to the following amounts annually in addition to the subsistence allowance: speaker of the house, $6,500; speaker pro tempore, $5,000; deputy speaker pro tempore, $1,500; majority leader, $5,000; majority

caucus chair, $5,000; assistant majority caucus chair, $1,000; ways and means committee chair, $5,000; ways and means committee ranking majority member, $3,000; speaker pro tempore emeritus, $1,500; budget subcommittee chair, $3,000; majority whip, $3,500; assistant majority whip, $1,000; assistant majority leader, $1,000; minority leader, $5,500; minority caucus chair, $4,500; ways and means committee ranking minority member, $3,500; minority whip, $2,500; assistant minority leader, $4,500; second assistant minority leader, $1,500; and deputy assistant minority leader, $1,000.

If the funds appropriated for legislators' subsistence are insufficient to pay all the subsistence incurred, there are hereby appropriated such further sums as may be necessary to pay such subsistence.

FOR THE LEGISLATIVE COUNCIL AND THE LEGISLATIVE SERVICES AGENCY		
Total Operating Expense	**7,887,000**	**8,122,000**
LEGISLATOR AND LAY MEMBER TRAVEL		
Total Operating Expense	**560,000**	**570,000**

If the funds above appropriated for the legislative council and the legislative services agency and legislator and lay member travel are insufficient to pay all the necessary expenses incurred, there are hereby appropriated such further sums as may be necessary to pay those expenses.

Any person other than a member of the general assembly who is appointed by the governor, speaker of the house, president or president pro tempore of the senate, house or senate minority floor leader, or legislative council to serve on any research, study, or survey committee or commission is entitled, when authorized by the legislative council, to a per diem instead of subsistence of $75 per day during the 2003-2005 biennium. In addition to the per diem, such a person is entitled to mileage reimbursement, at the rate specified for members of the general assembly, for each mile necessarily traveled from the person's usual place of residence to the state capitol or other in-state site of the committee, commission, or conference. However, reimbursement for any out-of-state travel expenses claimed by lay members serving on research, study, or survey committees or commissions under the jurisdiction of the legislative council shall be based on SECTION 19 of this act, until the legislative council applies those travel policies and procedures that govern legislators and their staffs to such lay members as authorized elsewhere in this SECTION. The allowance and reimbursement permitted in this paragraph shall be paid from the legislative council appropriations for legislative and lay member travel unless otherwise provided for by a specific appropriation.

LEGISLATIVE COUNCIL CONTINGENCY FUND		
Total Operating Expense		**200,000**

Disbursements from the fund may be made only for purposes approved by the chairman and vice chairman of the legislative council.

The legislative services agency shall charge the following fees, unless the legislative council sets these or other fees at different rates:

Annual subscription to the session document service for sessions ending in odd-numbered years: $900

Annual subscription to the session document service for sessions ending in even-numbered years: $500

Per page charge for copies of legislative documents: $0.15

Annual charge for interim calendar: $10

Daily charge for the journal of either house: $2

PRINTING AND DISTRIBUTION		
Total Operating Expense	**550,000**	**580,000**

The above funds are appropriated for the printing and distribution of documents published by the legislative council. These documents include journals, bills, resolutions, enrolled documents, the acts of the first and second regular sessions of the 113th general assembly, the supplements to the Indiana Code for fiscal years 2003-2004 and 2004-2005, and the publication of the Indiana Administrative Code and the Indiana Register. Upon completion of the distribution of the Acts and the supplements to the Indiana Code, as provided in IC 2-6-1.5, remaining copies may be sold at a price or prices periodically determined by the legislative council. If the above appropriations for the printing and distribution of documents published by the legislative council are insufficient to pay all of the necessary expenses incurred, there are hereby appropriated such sums as may be necessary to pay such expenses.

COUNCIL OF STATE GOVERNMENTS ANNUAL DUES		
Other Operating Expense	**133,000**	**138,000**
NATIONAL CONFERENCE OF STATE LEGISLATURES ANNUAL DUES		
Other Operating Expense	**153,000**	**159,000**
FOR THE INDIANA LOBBY REGISTRATION COMMISSION		
Total Operating Expense	**218,285**	**218,285**
FOR THE PUBLIC EMPLOYEES' RETIREMENT FUND		
LEGISLATORS' RETIREMENT FUND		
Total Operating Expense	**205,540**	**205,540**

B. JUDICIAL

FOR THE SUPREME COURT		
Personal Services	**5,709,622**	**5,619,266**
Other Operating Expense	**1,459,198**	**1,531,450**

The above appropriation for the supreme court personal services includes the subsistence allowance as provided by IC 33-13-12-9.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
LOCAL JUDGES' SALARIES			
Personal Services	**41,247,705**	**41,247,273**	
Other Operating Expense	**11,100**	**11,100**	
COUNTY PROSECUTORS' SALARIES			
Personal Services	**17,256,096**	**17,256,096**	
Other Operating Expense	**6,400**	**6,400**	

The above appropriations for county prosecutors' salaries represent the amounts authorized by IC 33-14-7-5 and that are to be paid from the state general fund.

In addition to the appropriations for local judges' salaries and for county prosecutors' salaries, there are hereby appropriated for personal services the amounts that the state is required to pay for salary changes or for additional courts created by the 113th general assembly.

TRIAL COURT OPERATIONS			
Total Operating Expense	**353,500**	**353,500**	
INDIANA CONFERENCE FOR LEGAL EDUCATION OPPORTUNITY			
Total Operating Expense	**625,000**	**625,000**	

The above funds are appropriated to the division of state court administration in compliance with the provisions of IC 33-2.1-12-7.

PUBLIC DEFENDER COMMISSION			
Public Defense Fund			
Total Operating Expense	**4,600,000**	**4,600,000**	
Augmentation allowed.			

The above appropriation is made in addition to the distribution authorized by IC 33-19-7-5(c) for the purpose of reimbursing counties for indigent defense services provided to a defendant. The division of state court administration of the supreme court of Indiana shall provide staff support to the commission and shall administer the fund. The administrative costs may come from the fund.

GUARDIAN AD LITEM			
Total Operating Expense	**800,000**	**800,000**	

The division of state court administration shall use the foregoing appropriation to administer an office of guardian ad litem and court appointed special advocate services and to provide matching funds to counties that are required to implement, in courts with juvenile jurisdiction, a guardian ad litem and court appointed special advocate program for children who are alleged to be victims of child abuse or neglect under IC 31-33 and to administer the program. However, the court may not use more than $75,000 per state fiscal year for administration of the program. A county may use these matching funds to supplement amounts collected as fees under IC 31-40-3 and used for the operation of guardian ad litem and court appointed special advocate programs. The county fiscal body shall appropriate adequate funds for the county to be eligible for these matching funds.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
CIVIL LEGAL AID			
Total Operating Expense	**1,000,000**	**1,000,000**	

The above funds are appropriated to the division of state court administration in compliance with the provisions of IC 33-2.1-11-7.

SPECIAL JUDGES - COUNTY COURTS			
Personal Services	**3,000**	**3,000**	
Other Operating Expense	**120,000**	**120,000**	

If the funds appropriated above for special judges of county courts are insufficient to pay all of the necessary expenses that the state is required to pay under IC 34-35-1-4, there are hereby appropriated such further sums as may be necessary to pay these expenses.

COMMISSION ON RACE AND GENDER FAIRNESS			
Total Operating Expense	**260,996**	**260,996**	
FOR THE CLERK OF THE SUPREME AND APPELLATE COURTS			
Personal Services	**707,885**	**707,885**	
Other Operating Expense	**186,205**	**186,205**	
FOR THE COURT OF APPEALS			
Personal Services	**7,788,244**	**7,521,971**	
Other Operating Expense	**1,148,220**	**1,152,220**	

The above appropriations for the court of appeals personal services includes the subsistence allowance provided by IC 33-13-12-9.

FOR THE TAX COURT			
Personal Services	**475,879**	**465,420**	
Other Operating Expense	**111,146**	**123,350**	
FOR THE JUDICIAL CENTER			
Personal Services	**1,233,026**	**1,214,495**	
Other Operating Expense	**694,744**	**736,924**	

The above appropriations for the judicial center include the appropriations for the judicial conference.

DRUG AND ALCOHOL PROGRAMS FUND			
Total Operating Expense	**299,010**	**299,010**	

The above funds are appropriated under IC 33-19-7-5 for the purpose of administering, certifying, and supporting alcohol and drug services programs under IC 12-23-14. However, if the receipts are less than the appropriation, the center may not spend more than is collected.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
INTERSTATE COMPACT FOR ADULT OFFENDER SUPERVISION			
Total Operating Expense	**65,707**	**53,158**	
Augmentation allowed from fee increases enacted in 2003 general assembly.			
FOR THE PUBLIC DEFENDER			
Personal Services	**5,110,515**	**5,092,572**	
Other Operating Expense	**952,820**	**985,133**	
FOR THE PUBLIC DEFENDER COUNCIL			
Personal Services	**840,096**	**840,096**	
Other Operating Expense	**228,458**	**228,458**	
FOR THE PROSECUTING ATTORNEYS' COUNCIL			
Personal Services	**859,204**	**859,204**	
Other Operating Expense	**164,489**	**164,489**	
DRUG PROSECUTION			
Drug Prosecution Fund (IC 33-14-8-5)			
Total Operating Expense	**103,436**	**103,436**	
Augmentation allowed.			
FOR THE PUBLIC EMPLOYEES' RETIREMENT FUND			
JUDGES' RETIREMENT FUND			
Other Operating Expense	**9,584,871**	**10,159,964**	
PROSECUTORS' RETIREMENT FUND			
Other Operating Expense	**933,000**	**961,000**	
C. EXECUTIVE			
FOR THE GOVERNOR'S OFFICE			
Personal Services	**2,069,306**	**2,069,306**	
Other Operating Expense	**124,352**	**124,352**	
GOVERNOR'S RESIDENCE			
Total Operating Expense	**166,337**	**166,337**	
GOVERNOR'S CONTINGENCY FUND			
Total Operating Expense			**163,488**
Direct disbursements from the above contingency fund are not subject to the provisions of IC 5-22.			
MISCELLANEOUS EXPENSES			
Total Operating Expense	**9,822**	**9,822**	
GOVERNOR'S FELLOWSHIP PROGRAM			
Total Operating Expense	**154,906**	**154,906**	
FOR THE WASHINGTON LIAISON OFFICE			
Total Operating Expense	**195,037**	**195,037**	
FOR THE LIEUTENANT GOVERNOR			
Personal Services	**735,673**	**735,673**	

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Other Operating Expense	**26,833**	**26,833**	
CONTINGENCY FUND			
Total Operating Expense			**38,000**

Direct disbursements from the above contingency fund are not subject to the provisions of IC 5-22.

FOR THE SECRETARY OF STATE

ADMINISTRATION		
Personal Services	**367,569**	**367,569**
Other Operating Expense	**33,415**	**33,415**
BUSINESS SERVICES		
Personal Services	**797,251**	**797,251**
Other Operating Expense	**177,700**	**177,700**
SECURITIES DIVISION		
Personal Services	**854,140**	**854,140**
Other Operating Expense	**67,545**	**67,545**

FOR THE ATTORNEY GENERAL

ATTORNEY GENERAL

From the General Fund

12,103,579 12,103,579

From the Telephone Solicitation Fund

17,260 17,260

Augmentation allowed.

From the Motor Vehicle Odometer Fund (IC 9-29-1-5)

701,744 701,744

Augmentation allowed.

From the Medicaid Fraud Control Unit Fund

579,371 579,371

Augmentation allowed.

From the Abandoned Property Fund (IC 32-34-1-33)

167,583 167,583

Augmentation allowed.

The amounts specified from the General Fund, Motor Vehicle Odometer Fund, Medicaid Fraud Control Unit Fund, and Abandoned Property Fund are for the following purposes:

Personal Services	**12,410,304**	**12,410,304**
Other Operating Expense	**1,159,233**	**1,159,233**
MEDICAID FRAUD UNIT		
Total Operating Expense	**846,806**	**846,806**

The above appropriations to the Medicaid fraud unit are the state's matching share of the state Medicaid fraud control unit under IC 4-6-10 as prescribed by 42 U.S.C. 1396b(q). Augmentation allowed from collections.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
VICTIMS' ASSISTANCE ADDRESS CONFIDENTIALITY			
Total Operating Expense	**13,059**	**13,059**	
UNCLAIMED PROPERTY			
Abandoned Property Fund (IC 32-34-1-33)			
Personal Services	**972,055**	**972,055**	
Other Operating Expense	**961,100**	**961,100**	
Augmentation allowed.			

D. FINANCIAL MANAGEMENT

FOR THE AUDITOR OF STATE			
Personal Services	**4,034,532**	**4,034,532**	
Other Operating Expense	**1,318,420**	**1,318,420**	
GOVERNOR'S AND GOVERNOR'S SURVIVING SPOUSES' PENSIONS			
Total Operating Expense	**146,900**	**146,900**	

The above appropriations for governors' and governors' surviving spouses' pensions are made under IC 4-3-3.

FOR THE STATE BOARD OF ACCOUNTS			
Personal Services	**16,919,115**	**16,919,115**	
Other Operating Expense	**1,325,387**	**1,325,387**	
GOVERNOR ELECT			
Total Operating Expense	**0**	**40,000**	

FOR THE STATE BUDGET COMMITTEE

Total Operating Expense	**60,000**	**60,000**	

Notwithstanding IC 4-12-1-11(b), the salary per diem of the legislative members of the budget committee is an amount equal to one hundred fifty percent (150%) of the legislative business per diem allowance. If the above appropriations are insufficient to carry out the necessary operations of the budget committee, there are hereby appropriated such further sums as may be necessary.

FOR THE STATE BUDGET AGENCY			
Personal Services	**2,367,509**	**2,367,509**	
Other Operating Expense	**393,882**	**393,882**	
BUILD INDIANA FUND ADMINISTRATION			
Build Indiana Fund (IC 4-30-17)			
Other Operating Expense	**66,014**	**66,014**	
Augmentation allowed.			
MIDWEST HIGHER EDUCATION COMMISSION			
Total Operating Expense	**82,500**	**82,500**	

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
DEPARTMENTAL AND INSTITUTIONAL EMERGENCY CONTINGENCY FUND			
Total Operating Expense			**9,600,000**

The foregoing departmental and institutional emergency contingency fund appropriation is subject to allotment to departments, institutions, and all state agencies by the budget agency with the approval of the governor. These allocations may be made upon written request of proper officials, showing that contingencies exist that require additional funds for meeting necessary expenses. The budget committee shall be advised of each transfer request and allotment. With the approval of the governor and budget agency, the expenses of conducting an audit of a state agency for the following purposes may be paid from the departmental and institutional emergency contingency fund:
(1) To determine whether the state agency is managing and using its resources (including personnel, property, and office space) economically and efficiently.
(2) To determine whether there are any inefficiencies or uneconomical practices in the state agency's operations, and, if so, their causes.
(3) To determine whether the state agency has complied with laws and rules concerning matters of economy and efficiency.

OUTSIDE BILLS CONTINGENCY - 2003			
Total Operating Expense			**17,200,000**
PERSONAL SERVICES/FRINGE BENEFITS CONTINGENCY FUND			
Total Operating Expense			**89,000,000**

The foregoing personal services/fringe benefits contingency fund appropriation is subject to allotment to departments, institutions, and all state agencies by the budget agency with the approval of the governor.

The foregoing personal services/fringe benefits contingency fund appropriation may only be used for salary increases, fringe benefit increases, and for an employee leave conversion program for state employees in the 2003-2005 biennium and may not be used for any other purpose. The foregoing personal services/fringe benefits contingency fund appropriation does not revert at the end of the biennium but remains in the personal services/fringe benefit contingency fund.

SCHOOL AND LIBRARY INTERNET CONNECTION			
Build Indiana Fund (IC 4-30-17)			
Other Operating Expense			**7,000,000**

Of the foregoing appropriations $2,300,000 each year shall be for schools under IC 4-34-3-4 and $1,200,000 each year shall be used for libraries under IC 4-34-3-2.

INSPIRE (IC 4-34-3-2)			
Build Indiana Fund (IC 4-30-17)			
Other Operating Expense			**2,500,000**
21st CENTURY RESEARCH AND TECHNOLOGY FUND (IC 4-4-5.1-3)			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**37,500,000**	**37,500,000**	

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
FOR THE ADVISORY COMMISSION ON INTERGOVERNMENTAL AFFAIRS (IC 4-23-24.2-4)			
Total Operating Expense	**50,000**	**50,000**	
FOR THE TREASURER OF STATE			
Personal Services	**810,652**	**810,652**	
Other Operating Expense	**60,500**	**60,500**	

The treasurer of state, the board for depositories, the Indiana commission for higher education, and the state student assistance commission shall cooperate and provide to the Indiana education savings authority the following:

(1) Clerical and professional staff and related support.

(2) Office space and services.

(3) Reasonable financial support for the development of rules, policies, programs, and guidelines, including authority operations and travel.

E. TAX ADMINISTRATION

FOR THE DEPARTMENT OF REVENUE			
COLLECTION AND ADMINISTRATION			
Personal Services	**38,667,713**	**38,667,713**	
Other Operating Expense	**12,876,571**	**12,876,571**	

With the approval of the governor and the budget agency, the department shall annually reimburse the state general fund for expenses incurred in support of the collection of dedicated fund revenue according to the department's cost allocation plan.

With the approval of the governor and the budget agency, the foregoing sums for the department of state revenue may be augmented to an amount not exceeding in total, together with the above specific amounts, one and one-tenth percent (1.1%) of the amount of money collected by the department of state revenue from taxes and fees.

OUTSIDE COLLECTIONS			
Total Operating Expense	**2,923,440**	**2,923,440**	

With the approval of the governor and the budget agency, the foregoing sums for the department of state revenue's outside collections may be augmented to an amount not exceeding in total, together with the above specific amounts, one and one-tenth percent (1.1%) of the amount of money collected by the department from taxes and fees.

MOTOR CARRIER REGULATION			
Motor Carrier Regulation Fund (IC 8-2.1-23)			
Personal Services	**624,082**	**624,082**	
Other Operating Expense	**3,160,143**	**3,160,143**	

Augmentation allowed from the Motor Carrier Regulation Fund.

MOTOR FUEL TAX DIVISION			
Motor Vehicle Highway Account (IC 8-14-1)			
Personal Services	**6,020,546**	**6,020,546**	
Other Operating Expense	**767,283**	**767,283**	

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

Augmentation allowed from the Motor Vehicle Highway Account.

In addition to the foregoing appropriations, there is hereby appropriated to the department of revenue motor fuel tax division an amount sufficient to pay claims for refunds on license-fee-exempt motor vehicle fuel as provided by law. The sums above appropriated from the motor vehicle highway account for the operation of the motor fuel tax division, together with all refunds for license-fee-exempt motor vehicle fuel, shall be paid from the receipts of those license fees before they are distributed as provided by IC 6-6-1.1.

FOR THE INDIANA GAMING COMMISSION		
State Gaming Fund (IC 4-33-13-3)		
Personal Services	**2,111,179**	**2,111,179**
Other Operating Expense	**715,830**	**715,830**
INVESTIGATION		
State Gaming Fund (IC 4-33-13-3)		
Personal Services	**925,000**	**925,000**
Other Operating Expense	**458,030**	**458,030**

The foregoing appropriations to the Indiana gaming commission are made from revenues accruing to the state gaming fund under IC 4-33-13-3 before any distribution is made under IC 4-33-13-5.
Augmentation allowed.

The foregoing appropriations to the Indiana gaming commission are made instead of the appropriation made in IC 4-33-13-4.

The commission may employ or contract for inspectors and agents required under IC 4-33-4-3.5. The licensed owners shall, in the manner prescribed by the rules of the commission, reimburse the commission for the salaries and other expenses of the inspectors and agents who are required to be present during the time gambling operations are conducted on a riverboat.

FOR THE INDIANA HORSE RACING COMMISSION		
Indiana Horse Racing Commission Operating Fund (IC 4-31-10)		
Personal Services	**1,781,448**	**1,781,448**
Other Operating Expense	**726,896**	**726,896**

The foregoing appropriations to the Indiana horse racing commission are made from revenues accruing to the Indiana horse racing commission before any distribution is made under IC 4-31-9.
Augmentation allowed.

STANDARDBRED BOARD OF REGULATION		
Indiana Horse Racing Commission Operating Fund (IC 4-31-10)		
Total Operating Expense	**193,500**	**193,500**

The foregoing appropriations to the standardbred board of regulation are made from revenues accruing to the Indiana horse racing commission before any distribution

is made under IC 4-31-9.
Augmentation allowed.

FOR THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE

Personal Services	**3,783,049**	**3,783,049**
Other Operating Expense	**588,154**	**588,154**

From the above appropriations for the department of local government finance, travel subsistence and mileage allowances may be paid for members of the local government tax control board created by IC 6-1.1-18.5-11 and the state school property tax control board created by IC 6-1.1-19-4.1, under state travel regulations.

FOR THE INDIANA BOARD OF TAX REVIEW

Personal Services	**1,255,075**	**1,255,075**
Other Operating Expense	**120,033**	**120,033**

Augmentation allowed from fee increases enacted in 2003 general assembly.

F. ADMINISTRATION

FOR THE DEPARTMENT OF ADMINISTRATION

Personal Services	**11,750,289**	**11,750,289**
Other Operating Expense	**8,814,825**	**8,814,825**
DIVISION OF INFORMATION TECHNOLOGY		
Pay Phone Fund		
Total Operating Expense	**2,180,000**	**2,180,000**

Augmentation allowed.

The pay phone fund is established for the procurement of hardware, software, and related equipment and services needed to expand and enhance the state campus backbone and other central information technology initiatives. Such procurements may include, but are not limited to, wiring and rewiring of state offices, Internet services, video conferencing, telecommunications, application software and related services. The fund consists of the net proceeds received from contracts with companies providing phone services at state institutions and other state properties. The fund shall be administered by the division of information technology (DOIT) of the department of administration. Money in the fund may be spent by the division in compliance with a plan approved by the budget agency. Any money remaining in the fund at the end of any fiscal year does not revert to the general fund or any other fund but remains in the pay phone fund.

FOR THE STATE PERSONNEL DEPARTMENT

Personal Services	**3,704,290**	**3,704,290**
Other Operating Expense	**520,100**	**520,100**
STATE EMPLOYEES' APPEALS COMMISSION		
Personal Services	**142,482**	**142,482**
Other Operating Expense	**6,800**	**6,800**

FOR THE INFORMATION TECHNOLOGY OVERSIGHT COMMISSION

Personal Services	**553,778**	**553,778**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Other Operating Expense	**109,625**	**109,625**	
FOR THE COMMISSION ON PUBLIC RECORDS			
Personal Services	**1,273,099**	**1,273,099**	
Other Operating Expense	**176,905**	**176,905**	
FOR THE OFFICE OF THE PUBLIC ACCESS COUNSELOR			
Personal Services	**139,524**	**139,524**	
Other Operating Expense	**12,689**	**12,689**	
G. OTHER			
FOR THE COMMISSION ON UNIFORM STATE LAWS			
Total Operating Expense	**45,400**	**45,400**	
FOR THE STATE ETHICS COMMISSION			
Personal Services	**224,680**	**224,680**	
Other Operating Expense	**30,869**	**30,869**	
FOR THE SECRETARY OF STATE			
ELECTION DIVISION			
Personal Services	**538,951**	**538,951**	
Other Operating Expense	**255,620**	**186,620**	
NATIONAL VOTER REGISTRATION PROGRAM			
Personal Services	**89,208**	**89,208**	
Other Operating Expense	**227,400**	**32,400**	
SECTION 4. [EFFECTIVE JULY 1, 2003]			
PUBLIC SAFETY			
A. CORRECTION			
FOR THE DEPARTMENT OF CORRECTION			
CENTRAL OFFICE			
Personal Services	**8,832,661**	**8,832,661**	
Other Operating Expense	**2,371,304**	**2,371,304**	
ESCAPEE COUNSEL AND TRIAL EXPENSE			
Other Operating Expense	**200,000**	**200,000**	
COUNTY JAIL MISDEMEANANT HOUSING			
Total Operating Expense	**4,281,101**	**4,281,101**	
ADULT CONTRACT BEDS			
Total Operating Expense	**10,339,126**	**10,339,126**	
STAFF DEVELOPMENT AND TRAINING			
Personal Services	**960,160**	**960,160**	
Other Operating Expense	**452,912**	**452,912**	
PAROLE DIVISION			
Personal Services	**5,345,193**	**5,345,193**	
Other Operating Expense	**787,873**	**787,873**	

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
PAROLE BOARD			
Personal Services	**498,489**	**498,489**	
Other Operating Expense	**38,850**	**38,850**	
INFORMATION MANAGEMENT SERVICES			
Personal Services	**1,960,917**	**1,960,917**	
Other Operating Expense	**1,942,040**	**1,942,040**	
JUVENILE TRANSITION			
Personal Services	**879,168**	**879,168**	
Other Operating Expense	**12,491,264**	**7,227,964**	
COMMUNITY CORRECTIONS PROGRAMS			
Total Operating Expense			**50,650,000**

The above appropriation for community corrections programs is not subject to transfer to any other fund or to transfer, assignment, or reassignment for any other use or purpose by the state board of finance notwithstanding IC 4-9.1-1-7 and IC 4-13-2-23 or by the budget agency notwithstanding IC 4-12-1-12, or any other law.

DRUG PREVENTION AND OFFENDER TRANSITION		
Total Operating Expense	**1,050,000**	**1,050,000**

The above appropriation shall be used for minimum security release programs, transition programs, mentoring programs and supervision and assistance to adult and juvenile offenders to assure the successful integration of the offender into the community without incidents of recidivism.

CENTRAL EMERGENCY RESPONSE		
Personal Services	**1,062,944**	**1,062,944**
Other Operating Expense	**460,286**	**460,286**
MEDICAL SERVICES		
Other Operating Expense	**27,257,311**	**27,257,311**
DRUG ABUSE PREVENTION		
Drug Abuse Fund (IC 11-8-2-11)		
Personal Services	**36,762**	**36,762**
Other Operating Expense	**72,000**	**72,000**
Augmentation allowed.		

FOR THE STATE BUDGET AGENCY

COUNTY JAIL MAINTENANCE CONTINGENCY FUND		
Other Operating Expense	**17,455,600**	**17,455,600**

Disbursements from the fund shall be made for the purpose of reimbursing sheriffs for the cost of incarcerating in county jails persons convicted of felonies to the extent that such persons are incarcerated for more than five (5) days after the day of sentencing, at the rate of $35 per day. In addition to the per diem, the state shall reimburse the sheriffs for any expenses incurred in providing medical care to the convicted persons. However, if the sheriff or county receives money with respect to a convicted person (from a source other than the county), the per diem or medical expense reimbursement with respect to the convicted person shall be reduced by the amount received. A sheriff shall not be required to comply with IC 35-38-3-4(a) or

transport convicted persons within five (5) days after the day of sentencing if the department of correction does not have the capacity to receive the convicted person.

Augmentation allowed.

MEDICAL SERVICE PAYMENTS		
Total Operating Expense	**25,000,000**	**25,000,000**

These appropriations for medical service payments are made to pay for medical services for committed individuals, patients and students of institutions under the jurisdiction of the department of correction, the state department of health, the division of mental health, the school for the blind, the school for the deaf, or the division of disability, aging and rehabilitative services if the services are provided outside these institutions. These appropriations may not be used for payments for medical services that are covered by IC 12-16 unless these services have been approved under IC 12-16. These appropriations shall not be used for payment for medical services which are payable from an appropriation in this act for the state department of health, the division of mental health, the school for the blind, the school for the deaf, the division of disability, aging and rehabilitative services, or the department of correction, or that are reimbursable from funds for medical assistance under IC 12-15. If these appropriations to the budget agency are insufficient to make these medical service payments, there is hereby appropriated such further sums as may be necessary.

Direct disbursements from the above contingency fund are not subject to the provisions of IC 4-13-2.

FOR THE DEPARTMENT OF ADMINISTRATION		
DEPARTMENT OF CORRECTION OMBUDSMAN BUREAU		
Personal Services	**100,000**	**100,000**
Other Operating Expense	**50,000**	**50,000**
FOR THE DEPARTMENT OF CORRECTION		
INDIANA STATE PRISON		
Personal Services	**26,516,485**	**26,516,485**
Other Operating Expense	**6,908,959**	**6,908,959**
VOCATIONAL TRAINING PROGRAM		
Total Operating Expense	**368,977**	**368,977**
PENDLETON CORRECTIONAL FACILITY		
Personal Services	**25,497,504**	**25,497,504**
Other Operating Expense	**6,979,555**	**6,979,555**
CORRECTIONAL INDUSTRIAL FACILITY		
Personal Services	**19,481,051**	**19,481,051**
Other Operating Expense	**3,318,158**	**3,318,158**
INDIANA WOMEN'S PRISON		
Personal Services	**10,618,287**	**10,618,287**
Other Operating Expense	**1,877,182**	**1,877,182**
PUTNAMVILLE CORRECTIONAL FACILITY		
Personal Services	**26,078,379**	**26,078,379**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Other Operating Expense	**5,450,472**	**5,450,472**	
WABASH VALLEY CORRECTIONAL FACILITY			
Personal Services	**33,429,851**	**33,429,851**	
Other Operating Expense	**7,919,277**	**7,919,277**	
PLAINFIELD JUVENILE CORRECTIONAL FACILITY			
Personal Services	**12,568,959**	**12,568,959**	
Other Operating Expense	**1,850,413**	**1,850,413**	
INDIANAPOLIS JUVENILE CORRECTIONAL FACILITY			
Personal Services	**8,750,541**	**14,703,305**	
Other Operating Expense	**2,185,998**	**1,727,923**	
BRANCHVILLE CORRECTIONAL FACILITY			
Personal Services	**16,335,725**	**16,335,725**	
Other Operating Expense	**2,974,213**	**2,974,213**	
WESTVILLE CORRECTIONAL FACILITY			
Personal Services	**40,052,652**	**40,052,652**	
Other Operating Expense	**8,486,632**	**8,486,632**	
WESTVILLE MAXIMUM CONTROL FACILITY			
Personal Services	**5,210,507**	**5,210,507**	
Other Operating Expense	**598,139**	**598,139**	
ROCKVILLE CORRECTIONAL FACILITY FOR WOMEN			
Personal Services	**13,568,859**	**15,490,111**	
Other Operating Expense	**2,669,163**	**2,669,163**	
PLAINFIELD CORRECTIONAL FACILITY			
Personal Services	**23,243,871**	**23,243,871**	
Other Operating Expense	**5,518,732**	**5,518,732**	
RECEPTION AND DIAGNOSTIC CENTER			
Personal Services	**10,004,252**	**10,004,252**	
Other Operating Expense	**1,189,697**	**1,189,697**	
MIAMI CORRECTIONAL FACILITY			
Personal Services	**25,275,951**	**25,275,951**	
Other Operating Expense	**4,261,736**	**4,261,736**	

The foregoing appropriations for the Miami Correctional Facility do not include money to increase bed capacity beyond what was in use on June 30, 2003.

NEW CASTLE CORRECTIONAL FACILITY			
Personal Services	**12,619,854**	**12,619,854**	
Other Operating Expense	**2,677,840**	**2,677,840**	

The foregoing appropriations for the New Castle Correctional Facility do not include money to increase bed capacity beyond what was in use on June 30, 2003.

SOCIAL SERVICES BLOCK GRANT			
General Fund			
Total Operating Expense	**7,345,005**	**7,345,005**	
Title XX - Department of Correction Fund (IC 11-10-8-6.5)			
Total Operating Expense	**1,905,450**	**1,905,450**	

Augmentation allowed from Work Release Subsistence Fund and Social Services Block Grant.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
HENRYVILLE CORRECTIONAL FACILITY			
Personal Services	**1,841,762**	**1,841,762**	
Other Operating Expense	**363,061**	**363,061**	
CHAIN O' LAKES CORRECTIONAL FACILITY			
Personal Services	**1,452,400**	**1,452,400**	
Other Operating Expense	**353,500**	**353,500**	
MEDARYVILLE CORRECTIONAL FACILITY			
Personal Services	**1,651,486**	**1,651,486**	
Other Operating Expense	**321,007**	**321,007**	
ATTERBURY CORRECTIONAL FACILITY			
Personal Services	**1,869,441**	**1,869,441**	
Other Operating Expense	**353,839**	**353,839**	
MADISON CORRECTIONAL FACILITY			
Personal Services	**2,892,197**	**2,892,197**	
Other Operating Expense	**472,663**	**472,663**	
EDINBURGH CORRECTIONAL FACILITY			
Personal Services	**2,548,527**	**2,548,527**	
Other Operating Expense	**367,264**	**367,264**	
LAKESIDE CORRECTIONAL FACILITY			
Personal Services	**4,605,091**	**4,605,091**	
Other Operating Expense	**739,800**	**739,800**	
FORT WAYNE JUVENILE CORRECTIONAL FACILITY			
Personal Services	**1,315,048**	**1,315,048**	
Other Operating Expense	**440,588**	**440,588**	
SOUTH BEND JUVENILE CORRECTIONAL FACILITY			
Personal Services	**3,854,512**	**3,854,512**	
Other Operating Expense	**2,703,437**	**2,703,437**	
LOGANSPORT INTAKE/DIAGNOSTIC FACILITY			
Personal Services	**2,555,804**	**2,555,804**	
Other Operating Expense	**642,009**	**642,009**	
NORTH CENTRAL JUVENILE CORRECTIONAL FACILITY			
Personal Services	**7,340,632**	**7,340,632**	
Other Operating Expense	**1,329,548**	**1,329,548**	
CAMP SUMMIT			
Personal Services	**2,125,444**	**2,125,444**	
Other Operating Expense	**365,606**	**365,606**	
PENDLETON JUVENILE CORRECTIONAL FACILITY			
Personal Services	**13,225,534**	**13,225,534**	
Other Operating Expense	**2,555,224**	**2,555,224**	

B. LAW ENFORCEMENT

FOR THE INDIANA STATE POLICE AND MOTOR CARRIER INSPECTION

From the General Fund

54,724,078 54,724,078

From the Motor Vehicle Highway Account (IC 8-14-1)

54,724,078 54,724,078

From the Motor Carrier Regulation Fund (IC 8-2.1-23)

6,247,573 6,247,573

Augmentation allowed from the general fund and the motor vehicle highway account.

The amounts specified from the General Fund, the Motor Vehicle Highway Account, and the Motor Carrier Regulation Fund are for the following purposes:

Personal Services	**101,006,406**	**101,006,406**
Other Operating Expense	**14,689,323**	**14,689,323**

The above appropriations for personal services and other operating expense include funds to continue the state police minority recruiting program. In addition to any funds that may be expended for accident reporting from the "accident report account" under IC 9-29-11-1, there are included in the appropriations for Indiana state police and motor carrier inspection such additional funds as necessary for administering accident reporting as required under IC 9-26-3.

The foregoing appropriations for the Indiana state police and motor carrier inspection include funds for the police security detail to be provided to the Indiana state fair board. However, any amount expended to provide security for the Indiana state fair board may be reimbursed by the Indiana state fair board to such fund from which the expenditure was made, in accordance with reimbursement schedules recommended by the budget committee.
Augmentation allowed.

ENFORCEMENT AID FUND

General Fund		
Total Operating Expense	**81,375**	**81,375**

Augmentation allowed.

Motor Vehicle Highway Account (IC 8-14-1)		
Total Operating Expense	**81,375**	**81,375**

Augmentation allowed.

The above appropriations to the enforcement aid fund are to meet unforeseen emergencies of a confidential nature. They are to be expended under the direction of the superintendent and to be accounted for solely on the superintendent's certificate.

PENSION FUND

General Fund		
Total Operating Expense	**3,771,806**	**3,771,806**
Motor Vehicle Highway Account (IC 8-14-1)		
Total Operating Expense	**3,771,806**	**3,771,806**

The above appropriations shall be paid into the state police pension fund provided for in IC 10-12-2 in twelve (12) equal installments on or before July 30 and on or before the 30th of each succeeding month thereafter.

BENEFIT FUND

General Fund		
Total Operating Expense	**1,472,717**	**1,472,717**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Augmentation allowed.			
Motor Vehicle Highway Account (IC 8-14-1)			
Total Operating Expense	**1,472,717**	**1,472,717**	
Augmentation allowed.			

All benefits that accrue to members shall be paid by warrant drawn on the treasurer of state by the auditor of state on the basis of claims filed and approved by the trustees of the state police pension and benefit funds created by IC 10-12-2.

SUPPLEMENTAL PENSION			
General Fund			
Total Operating Expense	**1,650,000**	**1,650,000**	
Augmentation allowed.			
Motor Vehicle Highway Account (IC 8-14-1)			
Total Operating Expense	**1,650,000**	**1,650,000**	
Augmentation allowed.			

If the above appropriations for supplemental pension for any one (1) year are greater than the amount actually required under the provisions of IC 10-12-5, then the excess shall be returned proportionately to the funds from which the appropriations were made. If the amount actually required under IC 10-12-5 is greater than the above appropriations, then, with the approval of the governor and the budget agency, those sums may be augmented from the general fund and the motor vehicle highway account.

ACCIDENT REPORTING			
Accident Report Account (IC 9-29-11-1)			
Other Operating Expense	**93,000**	**93,000**	
Augmentation allowed.			
DRUG INTERDICTION			
Drug Interdiction Fund (IC 10-11-7)			
Total Operating Expense	**279,000**	**279,000**	
Augmentation allowed.			
FOR THE ADJUTANT GENERAL			
Personal Services	**7,295,411**	**7,295,411**	
Other Operating Expense	**3,212,394**	**3,212,394**	
NAVAL FORCES			
Personal Services	**152,029**	**152,029**	
Other Operating Expense	**62,763**	**62,763**	
DISABLED SOLDIERS' PENSION			
Other Operating Expense	**16,167**	**16,740**	
GOVERNOR'S CIVIL AND MILITARY CONTINGENCY FUND			
Total Operating Expense			**720,000**

The above appropriations for the adjutant general governor's civil and military contingency fund are made under IC 10-16-11-1.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
FOR THE CRIMINAL JUSTICE INSTITUTE			
ADMINISTRATIVE MATCH			
Total Operating Expense	**449,455**	**449,455**	
DRUG ENFORCEMENT MATCH			
Total Operating Expense	**660,609**	**660,609**	
VICTIM AND WITNESS ASSISTANCE FUND			
Victim and Witness Assistance Fund (IC 5-2-6-14)			
Total Operating Expense	**603,196**	**603,196**	
Augmentation allowed.			
ALCOHOL AND DRUG COUNTERMEASURES			
Alcohol and Drug Countermeasures Fund (IC 9-27-2-11)			
Total Operating Expense	**527,100**	**527,100**	
Augmentation allowed.			
STATE DRUG FREE COMMUNITIES FUND			
State Drug Free Communities Fund (IC 5-2-10-2)			
Total Operating Expense	**511,325**	**511,325**	
Augmentation allowed.			
INDIANA SAFE SCHOOLS			
General Fund			
Total Operating Expense	**3,749,500**	**3,749,500**	
Indiana Safe Schools Fund (IC 5-2-10.1-2)			
Total Operating Expense	**400,500**	**400,500**	
Augmentation allowed from Indiana Safe Schools Fund.			

Of the above appropriations for the Indiana safe schools program, $3,400,000 is appropriated annually to provide grants to school corporations for school safe haven programs, emergency preparedness programs, and school safety programs, and $750,000 is appropriated annually for use in providing training to school safety specialists.

OFFICE OF TRAFFIC SAFETY			
Motor Vehicle Highway Account (IC 8-14-1)			
Personal Services	**2,857,791**	**2,857,791**	
Other Operating Expense	**8,323,460**	**8,323,460**	
Augmentation allowed.			

The above appropriation for the office of traffic safety is from the motor vehicle highway account and may be used to fund traffic safety projects that are included in a current highway safety plan approved by the governor and the budget agency. The department shall apply to the national highway traffic safety administration for reimbursement of all eligible project costs. Any federal reimbursement received by the department for the highway safety plan shall be deposited into the motor vehicle highway account.

PROJECT IMPACT			
Total Operating Expense	**200,000**	**200,000**	
VICTIMS OF VIOLENT CRIME ADMINISTRATION			
Violent Crime Victims Compensation Fund (IC 5-2-6.1-40)			
Personal Services	**98,365**	**98,365**	
Other Operating Expense	**2,361,673**	**2,361,673**	

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

Augmentation allowed.

FOR THE CORONERS' TRAINING BOARD

Coroners' Training and Continuing Education Fund (IC 4-23-6.5-8)

Personal Services	**200,168**	**200,168**
Other Operating Expense	**325,780**	**325,780**

Augmentation allowed.

FOR THE INDIANA DEPARTMENT OF GAMING RESEARCH

Total Operating Expense	**300,000**	**300,000**

FOR THE LAW ENFORCEMENT TRAINING ACADEMY

From the General Fund

1,595,111 1,595,111

From the Law Enforcement Academy Training (IC 5-2-1-13)

2,691,261 2,691,261

Augmentation allowed from Law Enforcement Academy Training.

The amounts specified from the General Fund and the Law Enforcement Academy Training Fund are for the following purposes:

Personal Services	**2,881,221**	**2,881,221**
Other Operating Expense	**1,405,151**	**1,405,151**

C. REGULATORY AND LICENSING

FOR THE BUREAU OF MOTOR VEHICLES

Motor Vehicle Highway Account (IC 8-14-1)

Personal Services	**17,497,609**	**17,497,609**
Other Operating Expense	**20,458,559**	**20,458,559**

Augmentation allowed.

LICENSE PLATES

Motor Vehicle Highway Account (IC 8-14-1)

Total Operating Expense	**5,500,000**	**5,500,000**

Augmentation allowed.

DEALER INVESTIGATOR EXPENSES

Motor Vehicle Odometer Fund (IC 9-29-1-5)

Total Operating Expense	**268,600**	**268,600**

Augmentation allowed.

FINANCIAL RESPONSIBILITY COMPLIANCE VERIFICATION

Financial Responsibility Compliance Verification Fund (IC 9-25-9-7)

Total Operating Expense	**9,047,369**	**9,047,369**

Augmentation allowed.

ABANDONED VEHICLES

Abandoned Vehicle Fund (IC 9-22-1-28)

Total Operating Expense	**37,000**	**37,000**

Augmentation allowed.

STATE MOTOR VEHICLE TECHNOLOGY

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
State Motor Vehicle Technology Fund (IC 9-29-16)			
Total Operating Expense	**5,203,029**	**5,203,029**	
Augmentation allowed.			
FOR THE DEPARTMENT OF LABOR			
Personal Services	**962,734**	**962,734**	
Other Operating Expense	**90,400**	**90,400**	
INDUSTRIAL HYGIENE			
Personal Services	**1,214,231**	**1,214,231**	
Other Operating Expense	**131,400**	**131,400**	
BUREAU OF MINES AND MINING			
Personal Services	**116,646**	**116,646**	
Other Operating Expense	**19,500**	**19,500**	
M.I.S. RESEARCH AND STATISTICS			
Personal Services	**231,950**	**231,950**	
Other Operating Expense	**19,450**	**19,450**	

The above funds are appropriated to occupational safety and health, industrial hygiene, and to management information services research and statistics to provide the total program cost of the Indiana occupational safety and health plan as approved by the United States Department of Labor. Inasmuch as the state is eligible to receive from the federal government fifty percent (50%) of the state's total Indiana occupational safety and health plan program cost, it is the intention of the general assembly that the department of labor make application to the federal government for the federal share of the total program cost. Federal funds received shall be considered a reimbursement of state expenditures and as such shall be deposited into the state general fund.

OCCUPATIONAL SAFETY AND HEALTH			
Personal Services	**2,243,377**	**2,243,377**	
Other Operating Expense	**247,296**	**247,296**	
EMPLOYMENT OF YOUTH			
Special Fund for Employment of Youth (IC 20-8.1-4-31)			
Total Operating Expense	**74,400**	**74,400**	
Augmentation allowed.			
BUREAU OF SAFETY EDUCATION AND TRAINING			
Special Fund for Safety and Health Consultation Services (IC 22-8-1.1-48)			
Personal Services	**809,908**	**809,908**	
Other Operating Expense	**211,500**	**211,500**	
Augmentation allowed.			

Federal cost reimbursements for expenses attributable to the Bureau of Safety Education and Training appropriations shall be deposited into the special fund for safety and health consultation services.

FOR THE INSURANCE DEPARTMENT

From the General Fund

3,378,116 3,378,116

From the Department of Insurance Fund (IC 27-1-3-28)

2,400,484 2,400,484

Augmentation allowed from the Department of Insurance Fund.

The amounts specified from the General Fund and the Department of Insurance Fund are for the following purposes:

Personal Services	**4,622,885**	**4,622,885**
Other Operating Expense	**1,155,715**	**1,155,715**

BAIL BOND DIVISION

Bail Bond Enforcement and Administration Fund (IC 27-10-5-1)

Personal Services	**106,634**	**106,634**
Other Operating Expense	**25,425**	**25,425**

Augmentation allowed.

PATIENTS' COMPENSATION AUTHORITY

Patients' Compensation Fund (IC 34-18-6-1)

Personal Services	**817,882**	**817,882**
Other Operating Expense	**84,012**	**84,012**

Augmentation allowed.

POLITICAL SUBDIVISION RISK MANAGEMENT

Political Subdivision Risk Management Fund (IC 27-1-29-10)

Personal Services	**224,030**	**224,030**
Other Operating Expense	**858,611**	**858,611**

Augmentation allowed.

MINE SUBSIDENCE INSURANCE

Mine Subsidence Insurance Fund (IC 27-7-9-7)

Personal Services	**136,980**	**136,980**
Other Operating Expense	**211,353**	**211,353**

Augmentation allowed.

FOR THE ALCOHOL AND TOBACCO COMMISSION

From the Enforcement and Administration Fund (IC 7.1-4-10-1)

Personal Services	**4,725,529**	**4,720,236**
Other Operating Expense	**994,935**	**1,000,635**

Augmentation allowed.

EXCISE OFFICER TRAINING FUND (IC 5-2-8-8)

Total Operating Expense	**7,000**	**7,000**

Augmentation allowed from the Excise Officer Training Fund.

FOR THE DEPARTMENT OF FINANCIAL INSTITUTIONS

Financial Institutions Fund (IC 28-11-2-9)

Personal Services	**5,301,521**	**5,301,521**
Other Operating Expense	**1,201,155**	**1,261,155**

Augmentation allowed.

FOR THE PROFESSIONAL LICENSING AGENCY

Personal Services	**1,863,216**	**1,863,216**
Other Operating Expense	**638,365**	**638,365**

Augmentation allowed in amounts not to exceed additional revenue from fee

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
increases enacted after January 1, 2001.			
EMBALMERS AND FUNERAL DIRECTORS EDUCATION FUND (IC 25-15-9-13)			
Total Operating Expense	**5,000**	**5,000**	
Augmentation allowed.			
FOR THE HEALTH PROFESSIONS BUREAU			
Personal Services	**2,394,538**	**2,394,538**	
Other Operating Expense	**855,092**	**855,092**	
Augmentation allowed in amounts not to exceed additional revenue from fee increases, penalties, or fines enacted or imposed after January 1, 2001.			
FOR THE DEPARTMENT OF FIRE AND BUILDING SERVICES			
Fire and Building Services Fund (IC 22-12-6-1)			
Personal Services	**7,899,059**	**7,899,059**	
Other Operating Expense	**1,697,527**	**1,697,527**	
Augmentation allowed.			
FOR THE PUBLIC SAFETY TRAINING INSTITUTE			
Fire and Building Services Fund (IC 22-12-6-1)			
Personal Services	**910,510**	**910,510**	
Other Operating Expense	**465,195**	**465,195**	
Augmentation allowed.			
FOR THE CIVIL RIGHTS COMMISSION			
Personal Services	**2,093,676**	**2,093,676**	
Other Operating Expense	**225,482**	**225,482**	
It is the intention of the general assembly that the civil rights commission shall apply to the federal government for funding based upon the processing of employment and housing discrimination complaints by the civil rights commission. Such federal funds received by the state shall be considered as a reimbursement of state expenditures and shall be deposited into the state general fund.			
FOR THE UTILITY CONSUMER COUNSELOR			
Public Utility Fund (IC 8-1-6-1)			
Personal Services	**3,480,922**	**3,478,335**	
Other Operating Expense	**518,079**	**518,079**	
Augmentation allowed.			
EXPERT WITNESS FEES AND AUDIT			
Public Utility Fund (IC 8-1-6-1)			
Total Operating Expense			**1,550,000**
Augmentation allowed.			
FOR THE UTILITY REGULATORY COMMISSION			
Public Utility Fund (IC 8-1-6-1)			
Personal Services	**4,889,510**	**4,889,510**	
Other Operating Expense	**1,827,094**	**1,827,094**	

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Augmentation allowed.			
FOR THE WORKERS' COMPENSATION BOARD			
Personal Services	**1,695,469**	**1,695,469**	
Other Operating Expense	**128,141**	**128,141**	
FOR THE STATE BOARD OF ANIMAL HEALTH			
Personal Services	**3,388,942**	**3,388,942**	
Other Operating Expense	**684,468**	**684,468**	
INDEMNITY FUND			
Total Operating Expense			**49,430**
Augmentation allowed.			
MEAT & POULTRY INSPECTION			
Total Operating Expense	**1,690,926**	**1,690,926**	
FOR THE EMERGENCY MANAGEMENT AGENCY			
Personal Services	**1,348,773**	**1,348,773**	
Other Operating Expense	**321,521**	**321,521**	
EMERGENCY MANAGEMENT AGENCY CONTINGENCY FUND			
Total Operating Expense	**250,000**	**250,000**	
DIRECTION CONTROL AND WARNING			
Total Operating Expense	**31,750**	**31,750**	
HAZARD MITIGATION ASSISTANCE PROGRAM			
Total Operating Expense	**1**	**1**	
Augmentation allowed.			
INDIVIDUAL AND FAMILY ASSISTANCE			
Total Operating Expense	**1**	**1**	
Augmentation allowed.			
PUBLIC ASSISTANCE			
Total Operating Expense	**1**	**1**	
Augmentation allowed.			

The above appropriations for the emergency management agency represent the total program cost for civil defense and for emergency medical services for each fiscal year. It is the intent of the general assembly that the emergency management agency apply to the Federal Emergency Management Agency for all federal reimbursement funds for which Indiana is eligible. All funds received shall be deposited into the state general fund.

The above appropriations for the emergency management agency contingency fund are made to the contingency fund under IC 10-14-3-28. The above appropriations shall be in addition to any unexpended balances in the fund as of June 30, 2003.

SECTION 5. [EFFECTIVE JULY 1, 2003]

CONSERVATION AND ENVIRONMENT

A. NATURAL RESOURCES

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
FOR THE DEPARTMENT OF NATURAL RESOURCES - ADMINISTRATION			
Personal Services	**4,456,981**	**4,456,981**	
Other Operating Expense	**834,145**	**834,145**	
LEGISLATORS' TREES			
Total Operating Expense			**1**
ENTOMOLOGY AND PLANT PATHOLOGY DIVISION			
Personal Services	**675,182**	**675,182**	
Other Operating Expense	**182,947**	**182,947**	
ENTOMOLOGY AND PLANT PATHOLOGY FUND (IC 14-24-10-3)			
Total Operating Expense			**5,760**
Augmentation allowed.			
ENGINEERING DIVISION			
Personal Services	**1,611,070**	**1,611,070**	
Other Operating Expense	**71,351**	**71,351**	
STATE MUSEUM			
Personal Services	**4,453,135**	**4,453,135**	
Other Operating Expense	**2,981,338**	**2,981,338**	
HISTORIC PRESERVATION DIVISION			
Personal Services	**883,344**	**883,344**	
Other Operating Expense	**41,125**	**41,125**	
STATE HISTORIC SITES			
Personal Services	**2,042,542**	**2,042,542**	
Other Operating Expense	**425,515**	**425,515**	

From the above appropriations, $75,000 in each state fiscal year shall be used for the Grissom Museum.

OUTDOOR RECREATION DIVISION			
Personal Services	**706,124**	**706,124**	
Other Operating Expense	**52,400**	**52,400**	
NATURE PRESERVES DIVISION			
Personal Services	**786,478**	**786,478**	
Other Operating Expense	**52,064**	**52,064**	
DEPARTMENT OF NATURAL RESOURCES FINANCIAL MANAGEMENT			
Personal Services	**118,256**	**118,256**	
Other Operating Expense	**48,168**	**48,168**	
WATER DIVISION			
Personal Services	**4,601,271**	**4,601,271**	
Other Operating Expense	**677,484**	**677,484**	

All revenues accruing from state and local units of government and from private utilities and industrial concerns as a result of water resources study projects, and as a result of topographic and other mapping projects, shall be deposited into the state general fund, and such receipts are hereby appropriated, in addition to the foregoing amounts, for water resources studies.

GREAT LAKES COMMISSION			
Other Operating Expense	**61,000**	**61,000**	
DEER RESEARCH AND MANAGEMENT			

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Deer Research and Management Fund (IC 14-22-5-2)			
Total Operating Expense	**174,000**	**174,000**	
Augmentation allowed.			
OIL AND GAS DIVISION			
From the General Fund			
	592,283	**592,283**	
From the Oil and Gas Fund (IC 6-8-1-27)			
	614,189	**614,189**	
Augmentation allowed from Oil and Gas Fund.			

The amounts specified from the General Fund and the Oil and Gas Fund are for the following purposes:

Personal Services	**919,422**	**919,422**
Other Operating Expense	**287,050**	**287,050**

STATE PARKS DIVISION		
From the General Fund		
	3,845,734	**3,845,734**
From the State Parks Special Revenue Fund (IC 14-19-4-2)		
	14,422,934	**14,422,934**
Augmentation allowed from State Parks Special Revenue Fund.		

The amounts specified from the General Fund and the State Parks Special Revenue Fund are for the following purposes:

Personal Services	**13,860,926**	**13,860,926**
Other Operating Expense	**4,407,742**	**4,407,742**

SNOWMOBILE/OFFROAD VEHICLE LICENSING FUND		
Snowmobile/Offroad Licensing Fund (IC 14-16-2-8)		
Total Operating Expense	**139,908**	**139,908**
Augmentation allowed.		
LAW ENFORCEMENT DIVISION		
From the General Fund		
	9,259,433	**9,351,852**
From the Fish and Wildlife Fund (IC 14-22-3-2)		
	10,765,810	**10,889,931**
Augmentation allowed from the Fish and Wildlife Fund.		

The amounts specified from the General Fund and the Fish and Wildlife Fund are for the following purposes:

Personal Services	**16,433,728**	**16,420,482**
Other Operating Expense	**3,591,515**	**3,821,301**

FISH AND WILDLIFE DIVISION		
Fish and Wildlife Fund (IC 14-22-3-2)		
Personal Services	**11,696,166**	**11,696,166**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Other Operating Expense	**4,056,937**	**4,056,937**	

Augmentation allowed.

FORESTRY DIVISION

From the General Fund

482,925 482,925

From the Division of Forestry Fund (IC 14-23-3-2)

8,890,840 8,890,840

Augmentation allowed from the Division of Forestry Fund.

The amounts specified from the General Fund and the Division of Forestry Fund are for the following purposes:

Personal Services	**7,757,173**	**7,757,173**	
Other Operating Expense	**1,616,592**	**1,616,592**	

All money expended by the division of forestry of the department of natural resources for the detention and suppression of forest, grassland, and wasteland fires shall be through the enforcement division of the department, and the employment with such money of all personnel, with the exception of emergency labor, shall be in accordance with IC 14-9-8.

RESERVOIR MANAGEMENT DIVISION

From the General Fund

2,208,808 2,208,808

From the Reservoir Special Revenue Fund (IC 14-19-5-2)

6,121,343 6,121,343

Augmentation allowed from the Reservoir Special Revenue Fund.

The amounts specified from the General Fund and the Reservoir Special Revenue Fund are for the following purposes:

Personal Services	**6,583,687**	**6,583,687**	
Other Operating Expense	**1,746,464**	**1,746,464**	

RECLAMATION DIVISION

From the General Fund

34,992 34,992

From the Natural Resources Reclamation Fund (IC 14-34-14-2)

4,930,523 4,930,523

Augmentation allowed from the Natural Resources Reclamation Fund.

The amounts specified from the General Fund and the Natural Resources Reclamation Fund are for the following purposes:

Personal Services	**4,284,896**	**4,284,896**	
Other Operating Expense	**680,619**	**680,619**	

In addition to any of the foregoing appropriations for the department of natural resources, any federal funds received by the state of Indiana for support of approved

outdoor recreation projects for planning, acquisition, and development under the provisions of the federal Land and Water Conservation Fund Act, P.L.88-578, are appropriated for the uses and purposes for which the funds were paid to the state, and shall be distributed by the department of natural resources to state agencies and other governmental units in accordance with the provisions under which the funds were received.

SOIL CONSERVATION DIVISION - T BY 2000			
Cigarette Tax Fund (IC 6-7-1-29.1)			
Personal Services	**3,652,092**	**3,652,092**	
Other Operating Expense	**2,043,828**	**2,043,828**	
Augmentation allowed.			
LAKE AND RIVER ENHANCEMENT			
Lake and River Enhancement Fund (IC 6-6-11-12.5)			
Total Operating Expense			**2,200,000**
Augmentation allowed.			

B. OTHER NATURAL RESOURCES

FOR THE WORLD WAR MEMORIAL COMMISSION		
Personal Services	**677,754**	**677,754**
Other Operating Expense	**174,327**	**174,327**

All revenues received as rent for space in the buildings located at 777 North Meridian Street and 700 North Pennsylvania Street, in the city of Indianapolis, that exceed the costs of operation and maintenance of the space rented, shall be paid into the general fund. The American Legion shall provide for the complete maintenance of the interior of these buildings.

FOR THE WHITE RIVER PARK COMMISSION		
Total Operating Expense	**1,336,699**	**1,336,699**
FOR THE ST. JOSEPH RIVER BASIN COMMISSION		
Total Operating Expense	**70,029**	**70,029**
FOR THE WABASH RIVER HERITAGE CORRIDOR		
Total Operating Expense	**100,000**	**100,000**
FOR THE MAUMEE RIVER BASIN COMMISSION		
Total Operating Expense	**75,000**	**75,000**

C. ENVIRONMENTAL MANAGEMENT

FOR THE DEPARTMENT OF ENVIRONMENTAL MANAGEMENT		
ADMINISTRATION		
From the General Fund		
	4,350,539	**4,350,539**
From the State Solid Waste Management Fund (IC 13-20-22-2)		
	197,971	**197,971**

From the Title V Operating Permit Trust Fund (IC 13-17-8-1)
700,306 700,306
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)
951,633 951,633
From the Environmental Management Special Fund (IC 13-14-12-1)
140,553 140,553
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)
351,937 351,937
From the Asbestos Trust Fund (IC 13-17-6-3)
48,579 48,579
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)
73,591 73,591
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)
1,396,584 1,396,584
Augmentation allowed from the State Solid Waste Management Fund, Title V Operating Permit Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Fund.

The amounts specified from the General Fund, the State Solid Waste Management Fund, the Title V Operating Permit Trust Fund, the Environmental Management Permit Operation Fund, Environmental Management Special Fund, the Hazardous Substances Response Trust Fund, the Asbestos Trust Fund, the Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Fund are for the following purposes:

Personal Services	**5,652,772**	**5,652,772**
Other Operating Expense	**2,558,921**	**2,558,921**

LABORATORY CONTRACTS
General Fund
830,670 830,670
Environmental Management Special Fund (IC 13-14-12-1)
445,211 445,211
Hazardous Substances Response Trust Fund (IC 13-25-4-1)
1,317,996 1,317,996
Augmentation allowed from the Environmental Management Special Fund and the Hazardous Substances Response Trust Fund.

The amounts specified from the General Fund, Environmental Management Special Fund, and the Hazardous Substance Response Trust Fund are for the following purpose:

Total Operating Expense	**2,593,877**	**2,593,877**

NORTHWEST REGIONAL OFFICE
From the General Fund
479,911 479,911
From the State Solid Waste Management Fund (IC 13-20-22-2)
3,471 3,471

From the Title V Operating Permit Trust Fund (IC 13-17-8-1)
416,713 416,713
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)
167,931 167,931
From the Environmental Management Special Fund (IC 13-14-12-1)
36,840 36,840
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)
9,369 9,369
From the Asbestos Trust Fund (IC 13-17-6-3)
54,257 54,257
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)
7,498 7,498
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)
22,450 22,450
Augmentation allowed from the State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:

Personal Services	**1,060,531**	**1,060,531**
Other Operating Expense	**137,909**	**137,909**

NORTHERN REGIONAL OFFICE
From the General Fund
332,772 332,772
From the State Solid Waste Management Fund (IC 13-20-22-2)
60,474 60,474
From the Title V Operating Permit Trust Fund (IC 13-17-8-1)
321,340 321,340
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)
164,656 164,656
From the Environmental Management Special Fund (IC 13-14-12-1)
10,054 10,054
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)
18,622 18,622
From the Asbestos Trust Fund (IC 13-17-6-3)
2,095 2,095
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)
1,929 1,929
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)
44,361 44,361
Augmentation allowed from the State Solid Waste Management Fund, Title V Operating

Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:

Personal Services	**781,844**	**781,844**
Other Operating Expense	**174,459**	**174,459**

SOUTHWEST REGIONAL OFFICE

From the General Fund

348,205 348,205

From the State Solid Waste Management Fund (IC 13-20-22-2)

102,876 102,876

From the Title V Operating Permit Trust Fund (IC 13-17-8-1)

138,058 138,058

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

173,892 173,892

From the Environmental Management Special Fund (IC 13-14-12-1)

33,991 33,991

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

18,731 18,731

From the Asbestos Trust Fund (IC 13-17-6-3)

5,439 5,439

From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

2,297 2,297

From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)

44,759 44,759

Augmentation allowed from the State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:

Personal Services	**682,287**	**682,287**
Other Operating Expense	**185,961**	**185,961**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

LEGAL AFFAIRS

From the General Fund

780,753 780,753

From the State Solid Waste Management Fund (IC 13-20-22-2)

3,078 3,078

From the Title V Operating Permit Trust Fund (IC 13-17-8-1)

381,854 381,854

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

450,629 450,629

From the Environmental Management Special Fund (IC 13-14-12-1)

27,476 27,476

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

16,159 16,159

From the Asbestos Trust Fund (IC 13-17-6-3)

59,392 59,392

From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

12,664 12,664

From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)

10,249 10,249

Augmentation allowed from the State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:

Personal Services	**1,585,645**	**1,585,645**
Other Operating Expense	**156,609**	**156,609**

ENFORCEMENT

From the General Fund

1,012,614 1,012,614

From the State Solid Waste Management Fund (IC 13-20-22-2)

3,541 3,541

From the Title V Operating Permit Trust Fund (IC 13-17-8-1)

336,995 336,995

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

416,176 416,176

From the Environmental Management Special Fund (IC 13-14-12-1)

31,435 31,435

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

18,657 18,657

From the Asbestos Trust Fund (IC 13-17-6-3)

67,946 67,946

From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)
14,489 14,489
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)
11,729 11,729
Augmentation allowed from the State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:

Personal Services	**1,825,380**	**1,825,380**
Other Operating Expense	**88,202**	**88,202**

INVESTIGATIONS
From the General Fund
216,829 216,829
From the State Solid Waste Management Fund (IC 13-20-22-2)
1,168 1,168
From the Title V Operating Permit Trust Fund (IC 13-17-8-1)
110,936 110,936
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)
137,006 137,006
From the Environmental Management Special Fund (IC 13-14-12-1)
10,346 10,346
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)
6,141 6,141
From the Asbestos Trust Fund (IC 13-17-6-3)
22,367 22,367
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)
4,771 4,771
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)
3,863 3,863
Augmentation allowed from the State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:

	FY 2003-2004 Appropriation	*FY 2004-2005 Appropriation*	*Biennial Appropriation*
Personal Services	**326,041**	**326,041**	
Other Operating Expense	**187,386**	**187,386**	

PLANNING AND ASSESSMENT

From the General Fund

492,280 492,280

From the State Solid Waste Management Fund (IC 13-20-22-2)

20,840 20,840

From the Title V Operating Permit Trust Fund (IC 13-17-8-1)

64,913 64,913

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

80,865 80,865

From the Environmental Management Special Fund (IC 13-14-12-1)

13,212 13,212

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)

34,756 34,756

From the Asbestos Trust Fund (IC 13-17-6-3)

4,503 4,503

From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

7,223 7,223

From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)

137,077 137,077

Augmentation allowed from the State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:

Personal Services	**834,169**	**834,169**	
Other Operating Expense	**21,500**	**21,500**	

MEDIA AND COMMUNICATIONS

From the General Fund

317,515 317,515

From the State Solid Waste Management Fund (IC 13-20-22-2)

17,833 17,833

From the Title V Operating Permit Trust Fund (IC 13-17-8-1)

55,547 55,547

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

69,197 69,197

From the Environmental Management Special Fund (IC 13-14-12-1)

11,305 11,305

From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)
29,741 29,741
From the Asbestos Trust Fund (IC 13-17-6-3)
3,853 3,853
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)
6,181 6,181
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)
117,299 117,299
Augmentation allowed from the State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund.

The amounts specified from the General Fund, State Solid Waste Management Fund, Title V Operating Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Trust Fund are for the following purposes:

Personal Services	**576,171**	**576,171**
Other Operating Expense	**52,300**	**52,300**

PUBLIC POLICY AND PLANNING
From the General Fund
205,267 205,267
From the State Solid Waste Management Fund (IC 13-20-22-2)
16,536 16,536
From the Title V Operating Permit Trust Fund (IC 13-17-8-1)
51,508 51,508
From the Environmental Management Permit Operation Fund (IC 13-15-11-1)
64,166 64,166
From the Environmental Management Special Fund (IC 13-14-12-1)
10,484 10,484
From the Hazardous Substances Response Trust Fund (IC 13-25-4-1)
27,579 27,579
From the Asbestos Trust Fund (IC 13-17-6-3)
3,573 3,573
From the Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)
5,731 5,731
From the Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)
108,771 108,771
Augmentation allowed from the State Solid Waste Management Fund, Title V Operating Permit Trust Fund, Environmental Management Permit Operation Fund, Environmental Management Special Fund, Hazardous Substances Response Trust Fund, Asbestos Trust Fund, Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Fund.

The amounts specified from the General Fund, the State Solid Waste Management Fund,

the Title V Operating Permit Trust Fund, the Environmental Management Permit Operation Fund, Environmental Management Special Fund, the Hazardous Substances Response Trust Fund, the Asbestos Trust Fund, the Underground Petroleum Storage Tank Trust Fund, and the Underground Petroleum Storage Tank Excess Liability Fund are for the following purposes:

Personal Services	**444,400**	**444,400**
Other Operating Expense	**49,215**	**49,215**

OHIO RIVER VALLEY WATER SANITATION COMMISSION
Environmental Management Special Fund (IC 13-14-12-1)

Total Operating Expense	**242,900**	**242,900**

Augmentation allowed.

OFFICE OF ENVIRONMENTAL RESPONSE

Personal Services	**1,986,571**	**1,986,571**
Other Operating Expense	**619,069**	**619,069**

POLLUTION PREVENTION AND TECHNICAL ASSISTANCE

Personal Services	**1,056,692**	**1,056,692**
Other Operating Expense	**298,826**	**298,826**

PCB INSPECTIONS
Environmental Management Permit Operation Fund (IC 13-15-11-1)

Total Operating Expense	**40,000**	**40,000**

Augmentation allowed.

U.S. GEOLOGICAL SURVEY CONTRACTS
Environmental Management Special Fund (IC 13-14-12-1)

Total Operating Expense	**62,890**	**62,890**

Augmentation allowed.

STATE SOLID WASTE GRANTS MANAGEMENT
State Solid Waste Management Fund (IC 13-20-22-2)

Personal Services	**236,987**	**236,987**
Other Operating Expense	**1,372,630**	**1,372,630**

Augmentation allowed.

VOLUNTARY CLEAN-UP PROGRAM
Voluntary Remediation Fund (IC 13-25-5-21)

Personal Services	**636,512**	**636,512**
Other Operating Expense	**551,500**	**551,500**

Augmentation allowed.

TITLE V AIR PERMIT PROGRAM
Title V Operating Permit Trust Fund (IC 13-17-8-1)

Personal Services	**5,537,684**	**5,537,684**
Other Operating Expense	**3,592,609**	**3,174,989**

Augmentation allowed.

WATER MANAGEMENT PERMITTING
From the General Fund

	1,854,641	**1,854,641**

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

	3,950,000	**3,950,000**

Augmentation allowed from the Environmental Management Permit Operation Fund.

The amounts specified from the General Fund and the Environmental Management Permit Operation Fund are for the following purposes:

Personal Services	**4,856,814**	**4,856,814**
Other Operating Expense	**947,827**	**947,827**

SOLID WASTE MANAGEMENT PERMITTING

From the General Fund

1,990,625 1,990,625

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

2,967,769 2,967,769

Augmentation allowed from the Environmental Management Permit Operation Fund.

The amounts specified from the General Fund and the Environmental Management Permit Operation Fund are for the following purposes:

Personal Services	**4,556,623**	**4,556,623**
Other Operating Expense	**401,771**	**401,771**

HAZARDOUS WASTE MANAGEMENT PERMITTING

From the General Fund

2,469,511 2,469,511

From the Environmental Management Permit Operation Fund (IC 13-15-11-1)

2,844,043 2,844,043

Augmentation allowed from the Environmental Management Permit Operation Fund.

The amounts specified from the General Fund and the Environmental Management Permit Operation Fund are for the following purposes:

Personal Services	**4,172,589**	**4,172,589**
Other Operating Expense	**1,140,965**	**1,140,965**

WATERSHED MANAGEMENT

Environmental Management Special Fund (IC 13-14-12-1)

Total Operating Expense	**24,038**	**24,038**

Augmentation allowed.

CLEAN VESSEL PUMPOUT

Environmental Management Special Fund (IC 13-14-12-1)

Total Operating Expense	**58,300**	**58,300**

Augmentation allowed.

GROUNDWATER PROGRAM

Total Operating Expense	**274,902**	**274,902**

UNDERGROUND STORAGE TANK PROGRAM

Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)

Total Operating Expense	**291,037**	**291,037**

Augmentation allowed.

AIR MANAGEMENT OPERATING

From the General Fund

923,961 891,310

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

From the Environmental Management Special Fund (IC 13-14-12-1)
1,626,039 1,658,690
Augmentation allowed from the Environmental Management Special Fund.

The amounts specified from the General Fund and the Environmental Management Special Fund are for the following purposes:

Personal Services	**1,678,608**	**1,678,608**
Other Operating Expense	**871,392**	**871,392**
WATER MANAGEMENT NON-PERMITTING		
Personal Services	**3,023,737**	**3,023,737**
Other Operating Expense	**574,209**	**574,209**
GREAT LAKES INITIATIVE		
Environmental Management Special Fund (IC 13-14-12-1)		
Total Operating Expense	**94,958**	**94,958**
Augmentation allowed.		
OPERATOR TRAINING		
Total Operating Expense	**42,301**	**42,301**
SAFE DRINKING WATER		
From the General Fund		
541,286 541,286		
From the Environmental Management Special Fund (IC 13-14-12-1)		
44,926 44,926		
Augmentation allowed from the Environmental Management Special Fund.		

The amounts specified from the General Fund and the Environmental Management Special Fund are for the following purposes:

Personal Services	**434,183**	**434,183**
Other Operating Expense	**152,029**	**152,029**
LEAKING UNDERGROUND STORAGE TANKS		
Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)		
Personal Services	**117,257**	**117,257**
Other Operating Expense	**44,109**	**44,109**
Augmentation allowed.		
CORE SUPERFUND		
Hazardous Substances Response Trust Fund (IC 13-25-4-1)		
Total Operating Expense	**136,122**	**136,122**
Augmentation allowed.		
AUTO EMISSIONS TESTING PROGRAM		
Personal Services	**238,571**	**238,571**
Other Operating Expense	**7,710,705**	**7,743,356**
HAZARDOUS WASTE SITE - STATE CLEAN-UP		
Hazardous Substances Response Trust Fund (IC 13-25-4-1)		
Personal Services	**893,093**	**893,093**
Other Operating Expense	**1,323,811**	**1,323,811**
Augmentation allowed.		

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
HAZARDOUS WASTE SITES - NATURAL RESOURCE DAMAGES			
Hazardous Substances Response Trust Fund (IC 13-25-4-1)			
Personal Services	**118,367**	**118,367**	
Other Operating Expense	**680,991**	**680,991**	
Augmentation allowed.			
SUPERFUND MATCH			
Hazardous Substances Response Trust Fund (IC 13-25-4-1)			
Total Operating Expense	**354,985**	**354,985**	
Augmentation allowed.			
HOUSEHOLD HAZARDOUS WASTE			
Hazardous Substances Response Trust Fund (IC 13-25-4-1)			
Personal Services	**39,693**	**39,693**	
Other Operating Expense	**443,816**	**443,816**	
Augmentation allowed.			
ASBESTOS TRUST - OPERATING			
Asbestos Trust Fund (IC 13-17-6-3)			
Personal Services	**523,723**	**523,723**	
Other Operating Expense	**150,384**	**150,384**	
Augmentation allowed.			
UNDERGROUND PETROLEUM STORAGE TANK - OPERATING			
Underground Petroleum Storage Tank Excess Liability Trust Fund (IC 13-23-7-1)			
Personal Services	**161,161**	**161,161**	
Other Operating Expense	**48,026,000**	**48,026,000**	
Augmentation allowed.			
WASTE TIRE MANAGEMENT			
Waste Tire Management Fund (IC 13-20-13-8)			
Total Operating Expense	**100,000**	**100,000**	
Augmentation allowed.			
VOLUNTARY COMPLIANCE			
Environmental Management Special Fund (IC 13-14-12-1)			
Personal Services	**202,929**	**202,929**	
Other Operating Expense	**217,737**	**217,737**	
Augmentation allowed.			
ENVIRONMENTAL MANAGEMENT SPECIAL FUND - OPERATING			
Environmental Management Special Fund (IC 13-14-12-1)			
Total Operating Expense	**1,100,000**	**1,100,000**	
Augmentation allowed.			
SMALL TOWN COMPLIANCE			
Environmental Management Special Fund (IC 13-14-12-1)			
Total Operating Expense	**60,000**	**60,000**	
Augmentation allowed.			
WETLANDS PROTECTION			
Environmental Management Special Fund (IC 13-14-12-1)			
Total Operating Expense	**50,709**	**50,709**	
Augmentation allowed.			
PETROLEUM TRUST - OPERATING			
Underground Petroleum Storage Tank Trust Fund (IC 13-23-6-1)			
Personal Services	**226,961**	**226,961**	
Other Operating Expense	**462,885**	**462,885**	

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Augmentation allowed.			
LEAD BASED PAINT ACTIVITIES PROGRAM			
Lead Trust Fund (IC 13-17-14-6)			
Total Operating Expense	**23,500**	**23,500**	
Augmentation allowed.			

Notwithstanding any other law, with the approval of the governor and the budget agency, the above appropriations for water management permitting, hazardous waste management permitting, wetlands protection, watershed management, groundwater program, underground storage tank program, air management operating, lead-based paint activities program, water management non-permitting, coastal management (pollution prevention incentives), and safe drinking water may be used to fund activities incorporated into a performance partnership grant between the United States Environmental Protection Agency and the Department of Environmental Management.

FOR THE OFFICE OF ENVIRONMENTAL ADJUDICATION			
Personal Services	**205,722**	**205,722**	
Other Operating Expense	**100,723**	**100,723**	
FOR THE CLEAN MANUFACTURING TECHNOLOGY BOARD			
Total Operating Expense	**475,000**	**475,000**	

SECTION 6. [EFFECTIVE JULY 1, 2003]

ECONOMIC DEVELOPMENT

A. AGRICULTURE

FOR THE LIEUTENANT GOVERNOR			
OFFICE OF THE COMMISSIONER OF AGRICULTURE			
Personal Services	**1,359,749**	**1,359,749**	
Other Operating Expense	**251,202**	**251,202**	
VALUE ADDED RESEARCH FUND (IC 4-4-3.4-4)			
General Fund			
Total Operating Expense	**257,957**	**257,957**	
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**600,000**	**600,000**	
FARM COUNSELING PROGRAM			
Total Operating Expense	**279,000**	**279,000**	
LAND RESOURCES COUNCIL			
Total Operating Expense			**301,266**
FOR THE RURAL DEVELOPMENT COUNCIL			
RURAL DEVELOPMENT ADMINISTRATION FUND (IC 4-4-9.3-1)			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**2,400,000**	**2,400,000**	
RURAL DEVELOPMENT COUNCIL FUND (IC 4-4-9.5-4)			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**1,200,000**	**1,200,000**	

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

B. COMMERCE

FOR THE DEPARTMENT OF COMMERCE

ADMINISTRATIVE AND FINANCIAL SERVICES

From the General Fund

	4,224,726	4,224,726

From the Skills 2016 Fund

	142,073	142,073

From the Industrial Development Grant Fund

	48,124	48,124

The amounts specified from the General Fund, Skills 2016, and Industrial Development Grant Fund are for the following purposes:

Personal Services	2,852,663	2,852,663
Other Operating Expense	1,562,260	1,562,260
COMMUNITY ECONOMIC DEVELOPMENT		
Personal Services	4,770,872	4,770,872
Other Operating Expense	1,301,531	1,301,531
INTERNATIONAL TRADE		
Total Operating Expense	1,394,676	1,394,676
RECYCLING OPERATING		
Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)		
Personal Services	48,124	48,124
Other Operating Expense	183,358	183,358
Augmentation allowed.		
ENTERPRISE ZONE PROGRAM		
Indiana Enterprise Zone Fund (IC 4-4-6.1-2.3)		
Total Operating Expense	339,118	339,118
Augmentation allowed.		
STATE ENERGY PROGRAM		
Total Operating Expense	96,794	96,794
INDIANA INDIVIDUAL DEVELOPMENT ACCOUNTS		
Total Operating Expense	1,350,000	1,350,000

The department shall collect and report to the family and social services administration (FSSA) all data required for FSSA to meet the data collection and reporting requirements in 45 CFR Part 265.

Family and social services administration, division of family and children shall apply all qualifying expenditures for individual development accounts deposits toward Indiana's maintenance of effort under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.).

LOCAL ECONOMIC DEVELOPMENT ORGANIZATION/ REGIONAL ECONOMIC DEVELOPMENT ORGANIZATION (LEDO/REDO) MATCHING GRANT PROGRAM

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Total Operating Expense			**1,900,000**
SKILLS 2016			
Total Operating Expense			**23,137,450**
BUSINESS AND TOURISM PROMOTION FUND			
Total Operating Expense			**9,747,290**
RECYCLING PROMOTION AND ASSISTANCE PROGRAM			
Indiana Recycling Promotion and Assistance Fund (IC 4-23-5.5-14)			
Total Operating Expense	**1,500,000**	**1,500,000**	
Augmentation allowed.			
TRADE PROMOTION FUND			
Total Operating Expense	**200,000**	**200,000**	
ECONOMIC DEVELOPMENT FUND			
Total Operating Expense			**1,200,000**
INDUSTRIAL DEVELOPMENT GRANT FUND			
Total Operating Expense			**6,500,000**
ECONOMIC DEVELOPMENT COUNCIL			
Total Operating Expense	**309,225**	**309,225**	
INDIANA DEVELOPMENT FINANCE AUTHORITY (IDFA)			
CAPITAL ACCESS PROGRAM			
Total Operating Expense			**1,242,500**

Notwithstanding the provisions of P.L. 273-1999, that portion of the appropriation for the capital access program allocated for licensed child care facilities may be used for other uses permitted under IC 4-4-26.

ENVIRONMENTAL REMEDIATION REVOLVING LOAN FUND			
Total Operating Expense			**5,000,000**
PROJECT GUARANTY FUND			
Total Operating Expense			**1,800,000**

Notwithstanding the provisions of P.L. 273-1999, that portion of the appropriation for the project guaranty fund allocated for creation of a debt reserve service fund for the purpose of allowing the authority to issue pooled bonds for the construction or renovation of licensed child care facilities may be used for other uses permitted under IC 4-4-11-16.

BUSINESS DEVELOPMENT LOAN FUND			
Total Operating Expense			**2,000,000**
TECHNOLOGY DEVELOPMENT GRANT FUND (IC 4-12-11-8)			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**4,500,000**	**4,500,000**	
PUBLICIZING CORPORATE TAX RESTRUCTURING			
Total Operating Expense	**1,000,000**	**0**	

The above appropriation for publicizing corporate tax restructuring is to be used to publicize the corporate tax restructuring in Indiana to businesses and industries in other states.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

C. COMMUNITY SERVICES

FOR THE GOVERNOR'S COMMISSION ON COMMUNITY SERVICE AND VOLUNTEERISM

Personal Services	237,396	237,396
Other Operating Expense	89,517	89,517

D. EMPLOYMENT SERVICES

FOR THE DEPARTMENT OF WORKFORCE DEVELOPMENT

ADMINISTRATION		
Total Operating Expense	1,144,950	1,144,950
STATE WORKFORCE DEVELOPMENT FUND		
Total Operating Expense	2,547,770	2,547,770
WOMEN'S COMMISSION		
Personal Services	104,616	104,616
Other Operating Expense	7,724	7,724

FOR THE COMMISSION ON HISPANIC/LATINO AFFAIRS

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	125,000	125,000

The above appropriations are in addition to any funding for the commission derived from funds appropriated to the department of workforce development.

SECTION 7. [EFFECTIVE JULY 1, 2003]

TRANSPORTATION

FOR THE DEPARTMENT OF TRANSPORTATION

For the conduct and operation of the department of transportation, the following sums are appropriated for the periods designated, from the state general fund, the public mass transportation fund, the industrial rail service fund, the state highway fund, the motor vehicle highway account, the distressed road fund, the state highway road construction and improvement fund, the motor carrier regulation fund, and the crossroads 2000 fund.

PLANNING AND ADMINISTRATION

From the State Highway Fund (IC 8-23-9-54)

516,673	516,673

From the Public Mass Transportation Fund (IC 8-23-3-8)

202,176	202,176

From the Industrial Rail Fund (IC 8-3-1.7-2)

29,952	29,952

Augmentation allowed from the Public Mass Transportation Fund, Industrial Rail Service Fund, and State Highway Fund.

The amounts specified from the Public Mass Transportation Fund, Industrial

Rail Service Fund, and State Highway Fund are for the following purposes:

Personal Services	**571,981**	**571,981**
Other Operating Expense	**176,820**	**176,820**

The above appropriations may be used to match federal funds available for planning and administration of transportation in Indiana.

INTERMODAL OPERATING

From the State Highway Fund (IC 8-23-9-54)

491,613 491,613

From the Public Mass Transportation Fund (IC 8-23-3-8)

339,656 339,656

From the Industrial Rail Fund (IC 8-3-1.7-2)

339,656 339,656

Augmentation allowed from the State Highway Fund, Public Mass Transportation Fund and Industrial Rail Service Fund.

The amounts specified from the State Highway Fund, the Public Mass Transportation Fund, and the Industrial Rail Service Fund are for the following purposes:

Personal Services	**979,022**	**979,022**
Other Operating Expense	**191,903**	**191,903**

INTERMODAL GRANT PROGRAM

Department of Transportation Administration Fund

Total Operating Expense	**42,000**	**42,000**

Public Mass Transportation Fund (IC 8-23-3-8)

Total Operating Expense	**37,500**	**37,500**

Augmentation allowed from Public Mass Transportation Fund.

RAILROAD GRADE CROSSING IMPROVEMENT

Total Operating Expense	**465,000**	**465,000**

PUBLIC MASS TRANSPORTATION

Public Mass Transportation Fund (IC 8-23-3-8)

Matching Funds	**29,555,438**	**30,320,229**

Augmentation allowed.

The appropriations are to be used solely for the promotion and development of public transportation. The department of transportation shall allocate funds based on a formula approved by the commissioner of the department of transportation.

The department of transportation may distribute public mass transportation funds to an eligible grantee that provides public transportation in Indiana.

The state funds can be used to match federal funds available under the Federal Transit Act (49 U.S.C. 1601, et seq.), or local funds from a requesting grantee.

Before funds may be disbursed to a grantee, the grantee must submit its request for financial assistance to the department of transportation for approval. Allocations

must be approved by the governor and the budget agency after review by the budget committee and shall be made on a reimbursement basis. Only applications for capital and operating assistance may be approved. Only those grantees that have met the reporting requirements under IC 8-23-3 are eligible for assistance under this appropriation.

HIGHWAY OPERATING			
State Highway Fund (IC 8-23-9-54)			
Personal Services	**206,601,190**	**206,601,190**	
Other Operating Expense	**42,446,379**	**42,446,379**	
HIGHWAY BUILDINGS AND GROUNDS			
State Highway Fund (IC 8-23-9-54)			
Total Operating Expense			**27,287,344**

The above appropriations for highway buildings and grounds may be used for land acquisition, site development, construction and equipping of new highway facilities and for maintenance, repair, and rehabilitation of existing state highway facilities.

HIGHWAY VEHICLE AND ROAD MAINTENANCE EQUIPMENT		
State Highway Fund (IC 8-23-9-54)		
Other Operating Expense	**19,500,000**	**19,500,000**

The above appropriations for highway operating and highway vehicle and road maintenance equipment may be used for personal services, equipment, and other operating expense, including the cost of transportation for the governor.

HIGHWAY MAINTENANCE WORK PROGRAM		
State Highway Fund (IC 8-23-9-54)		
Other Operating Expense	**70,420,000**	**70,420,000**

The above appropriations for the highway maintenance work program may be used for:
(1) materials for patching roadways and shoulders;
(2) repairing and painting bridges;
(3) installing signs and signals and painting roadways for traffic control;
(4) mowing, herbicide application, and brush control;
(5) drainage control;
(6) maintenance of rest areas, public roads on properties of the department of natural resources, and driveways on the premises of all state facilities;
(7) materials for snow and ice removal;
(8) utility costs for roadway lighting; and
(9) other special maintenance and support activities consistent with the highway maintenance work program.

HIGHWAY CAPITAL IMPROVEMENTS		
State Highway Fund (IC 8-23-9-54)		
Right of Way Expense	**11,340,000**	**11,660,000**
Formal Contracts Expense	**132,011,379**	**127,949,840**
Consulting Service Expense	**27,000,000**	**29,000,000**
Institutional Road Construction	**5,000,000**	**5,000,000**

The above appropriations for the capital improvements program may be used for:
(1) bridge rehabilitation and replacement;
(2) road construction, reconstruction, or replacement;
(3) construction, reconstruction, or replacement of travel lanes, intersections, grade separations, rest parks, and weigh stations;
(4) relocation and modernization of existing roads;
(5) resurfacing;
(6) erosion and slide control;
(7) construction and improvement of railroad grade crossings, including the use of the appropriations to match federal funds for projects;
(8) small structure replacements;
(9) safety and spot improvements; and
(10) right-of-way, relocation, and engineering and consulting expenses associated with any of the above types of projects.

The foregoing appropriations for highway operating, highway vehicles and road maintenance equipment, highway buildings and grounds, the highway planning and research program, the highway maintenance work program, and highway capital improvements are appropriated from estimated revenues which include the following:
(1) Funds distributed to the state highway fund from the motor vehicle highway account under IC 8-14-1-3(4).
(2) Funds distributed to the state highway fund from the highway, road, and street fund under IC 8-14-2-3.
(3) All fees and miscellaneous revenues deposited in or accruing to the state highway fund under IC 8-23-9-54.
(4) Any unencumbered funds carried forward in the state highway fund from any previous fiscal year.
(5) All other funds appropriated or made available to the department by the general assembly.

If funds from sources set out above for the department exceed appropriations from those sources to the department, the excess amount is hereby appropriated to be used at the discretion of the department with approval of the governor and the budget agency for the conduct and operation of the department.

If there is a change in a statute reducing or increasing revenue for department use, the budget agency shall notify the auditor of state to adjust the above appropriations to reflect the estimated increase or decrease. Upon the request of the department, the budget agency, with the approval of the governor, may allot any increase in appropriations to the department.

If the department of transportation finds that an emergency exists or that an appropriation will be insufficient to cover expenses incurred in the normal operation of the department, the budget agency may, upon request of the department, and with the approval of the governor, transfer funds from revenue sources set out above from one (1) appropriation to the deficient appropriation. No appropriation from the state highway fund may be used to fund any toll road or toll bridge project except as specifically provided for under IC 8-15-2-20.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
HIGHWAY PLANNING AND RESEARCH PROGRAM			
State Highway Fund (IC 8-23-9-54)			
Total Operating Expense	**3,250,000**	**3,250,000**	
STATE HIGHWAY ROAD CONSTRUCTION AND IMPROVEMENT PROGRAM			
Highway Construction Improvement Fund (IC 8-14-10-5)			
Formal Contracts Expense	**31,900,000**	**28,400,000**	
Lease Rental Payments Expense	**34,400,000**	**39,000,000**	
Augmentation allowed.			

The above appropriations for the state highway road construction and improvement program are appropriated from the state highway road construction and improvement fund provided in IC 8-14-10-5 and may include any unencumbered funds carried forward from any previous fiscal year. The funds may be used for:
(1) road and bridge construction, reconstruction, or replacement;
(2) construction, reconstruction, or replacement of travel lanes, intersections, grade separations;
(3) relocation and modernization of existing roads;
(4) right-of-way, relocation, and engineering and consulting expenses associated with any of the above types of projects; and
(5) payment of rentals and leases relating to projects under IC 8-14.5.

CROSSROADS 2000 PROGRAM			
Crossroads 2000 Fund (IC 8-14-10-9)			
Lease Rental Payments Expense	**36,800,000**	**37,200,000**	
Augmentation allowed.			
FEDERAL APPORTIONMENT			
Right-of-Way Expense	**45,360,000**	**46,640,000**	
Formal Contracts Expense	**309,240,000**	**314,960,000**	
Consulting Engineers Expense	**47,000,000**	**45,000,000**	
Highway Planning and Research	**13,000,000**	**13,000,000**	
Local Government Revolving Acct.	**158,332,000**	**160,000,000**	
Formal Contracts - SHRCIF	**60,000,000**	**60,000,000**	

The department may establish an account to be known as the "local government revolving account". The account is to be used to administer the federal-local highway construction program. All contracts issued and all funds received for federal-local projects under this program shall be entered into this account.

If the federal apportionments for the fiscal years covered by this act exceed the above estimated appropriations for the department or for local governments, the excess federal apportionment is hereby appropriated for use by the department with the approval of the governor and the budget agency.

The department shall bill, in a timely manner, the federal government for all department payments that are eligible for total or partial reimbursement.

The department may let contracts and enter into agreements for construction and preliminary engineering during each year of the 2003-2005 biennium that obligate not more than one-third (1/3) of the amount of state funds estimated by the department to be available for appropriation in the following year for formal contracts and consulting engineers for the capital improvements program.

Under IC 8-23-5-7(a), the department, with the approval of the governor, may construct and maintain roadside parks and highways where highways will connect any state highway now existing, or hereafter constructed, with any state park, state forest preserve, state game preserve, or the grounds of any state institution. There is appropriated to the department of transportation an amount sufficient to carry out the provisions of this paragraph. Under IC 8-23-5-7(d), such appropriations shall be made from the motor vehicle highway account before distribution to local units of government.

LOCAL TECHNICAL ASSISTANCE AND RESEARCH

Under IC 8-14-1-3(6), there is appropriated to the department of transportation an amount sufficient for:
(1) the program of technical assistance under IC 8-23-2-5(6); and
(2) the research and highway extension program conducted for local government under IC 8-17-7-4.

The department shall develop an annual program of work for research and extension in cooperation with those units being served, listing the types of research and educational programs to be undertaken. The commissioner of the department of transportation may make a grant under this appropriation to the institution or agency selected to conduct the annual work program. Under IC 8-14-1-3(6), appropriations for the program of technical assistance and for the program of research and extension shall be taken from the local share of the motor vehicle highway account.

Under IC 8-14-1-3(7) there is hereby appropriated such sums as are necessary to maintain a sufficient working balance in accounts established to match federal and local money for highway projects. These funds are appropriated from the following sources in the proportion specified:
(1) one-half (1/2) from the forty-seven percent (47%) set aside of the motor vehicle highway account under IC 8-14-1-3(7); and
(2) for counties and for those cities and towns with a population greater than five thousand (5,000), one-half (1/2) from the distressed road fund under IC 8-14-8-2.

SECTION 8. [EFFECTIVE JULY 1, 2003]

FAMILY AND SOCIAL SERVICES, HEALTH, AND VETERANS' AFFAIRS

A. FAMILY AND SOCIAL SERVICES

FOR THE STATE BUDGET AGENCY
FSSA/DEPARTMENT OF HEALTH INSTITUTIONAL CONTINGENCY FUND
Total Operating Expense **2,000,000**

The above institutional contingency fund shall be allotted upon the recommendation of the budget agency with approval of the governor. This appropriation may be used to supplement individual hospital, state developmental center, and special institutions budgets.

INDIANA PRESCRIPTION DRUG PROGRAM		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**8,000,000**	**8,000,000**

With the approval of the governor and the budget agency, the above appropriations for the Indiana prescription drug program may be augmented by leveraging for each fiscal year federal Medicaid dollars.

FOR THE FAMILY AND SOCIAL SERVICES ADMINISTRATION

CHILDREN'S HEALTH INSURANCE PROGRAM		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**23,800,000**	**26,200,000**
FAMILY AND SOCIAL SERVICES ADMINISTRATION		
Total Operating Expense	**13,812,028**	**13,812,028**
COMMISSION FOR THE STATUS OF BLACK MALES		
Total Operating Expense	**126,101**	**126,101**
OFFICE OF MEDICAID POLICY AND PLANNING - ADMINISTRATION		
Total Operating Expense	**4,124,812**	**4,124,812**
MEDICAID ADMINISTRATION		
Total Operating Expense	**49,500,000**	**49,500,000**
MEDICAID - CURRENT OBLIGATIONS		
General Fund		
Total Operating Expense	**1,209,600,000**	**1,209,600,000**
Hospital Care for the Indigent Fund (IC 12-16-14-6)		
Total Operating Expense	**55,200,000**	**56,900,000**
Augmentation allowed.		

The foregoing appropriations for Medicaid current obligations and for Medicaid administration are for the purpose of enabling the office of Medicaid policy and planning to carry out all services as provided in IC 12-8-6. In addition to the above appropriations, all money received from the federal government and paid into the state treasury as a grant or allowance is appropriated and shall be expended by the office of Medicaid policy and planning for the respective purposes for which the money was allocated and paid to this state. Subject to the provisions of P.L.46-1995, if the sums herein appropriated for Medicaid current obligations and for Medicaid administration are insufficient to enable the office of Medicaid policy and planning to meet its obligations, then there is appropriated from the state general fund such further sums as may be necessary for that purpose, subject to the approval of the governor and the budget agency.

Subject to the approval of the governor and the budget agency, the foregoing appropriations for Medicaid - Current Obligations may be augmented or reduced based on revenues

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
accruing to the hospital care for the indigent fund.			
MEDICAID DISABILITY ELIGIBILITY EXAMS			
Total Operating Expense	**3,195,000**	**3,195,000**	
DIVISION OF MENTAL HEALTH ADMINISTRATION			
Personal Services	**2,308,149**	**2,308,149**	
Other Operating Expense	**172,416**	**172,416**	
SERIOUSLY EMOTIONALLY DISTURBED			
Total Operating Expense	**16,485,578**	**16,485,578**	
SERIOUSLY MENTALLY ILL			
General Fund			
Total Operating Expense	**93,894,784**	**93,894,784**	
Mental Health Centers Fund (IC 6-7-1)			
Total Operating Expense	**4,445,000**	**4,445,000**	
Augmentation allowed.			

The comprehensive community mental health centers shall submit their proposed annual budgets (including income and operating statements) to the budget agency on or before August 1 of each year. All federal funds shall be applied in augmentation of the foregoing funds rather than in place of any part of the funds.

The above appropriations for comprehensive community mental health services include the intragovernmental transfers necessary to provide the nonfederal share of reimbursement under the Medicaid rehabilitation option.

GAMBLERS ASSISTANCE			
Addiction Services Fund (IC 12-23-2)			
Total Operating Expense	**1,182,056**	**1,182,056**	
SUBSTANCE ABUSE TREATMENT			
General Fund			
Total Operating Expense	**5,006,000**	**5,006,000**	
Addiction Services Fund (IC 12-23-2)			
Total Operating Expense	**4,946,936**	**4,946,936**	
Augmentation allowed.			
QUALITY ASSURANCE/RESEARCH			
General Fund			
Total Operating Expense	**882,976**	**882,976**	
Addiction Services Fund (IC 12-23-2)			
Total Operating Expense	**92,812**	**92,812**	
PREVENTION SERVICES			
Addiction Services Fund (IC 12-23-2)			
Total Operating Expense	**975,132**	**975,132**	
MENTAL HEALTH INSTITUTIONS			
General Fund			
Total Operating Expense			**243,892,654**
Mental Health Fund (IC 12-24-14-4)			
Total Operating Expense			**41,357,678**
Augmentation allowed.			

The foregoing appropriations for the mental health institutions are for the operations of Evansville Psychiatric Treatment Center for Children, Evansville State Hospital, Larue D. Carter Memorial Hospital, Logansport State Hospital, Madison State Hospital, Richmond State Hospital.

Sixty-six percent (66%) of the revenue accruing to the state mental health institutions under IC 12-15 shall be deposited in the mental health fund established by IC 12-24-14, and thirty-four percent (34%) of the revenue accruing to the institutions, under IC 12-15, shall be deposited in the state general fund.

In addition to the above appropriations each institution may qualify for an additional appropriation, or allotment, subject to approval of the governor and the budget agency, from the mental health fund of up to twenty percent (20%), but not to exceed $50,000 in each fiscal year, of the amount by which actual net collections exceed an amount specified in writing by the division of mental health before July 1 of each year beginning July 1, 2003.

DIVISION OF FAMILY AND CHILDREN SERVICES ADMINISTRATION		
Personal Services	**3,889,302**	**3,889,302**
Other Operating Expense	**1,498,168**	**1,498,168**
TITLE IV-D OF THE FEDERAL SOCIAL SECURITY ACT (STATE MATCH)		
Total Operating Expense	**3,938,171**	**3,938,171**

The foregoing appropriations for the division of family and children Title IV-D of the federal Social Security Act are made under, and not in addition to, IC 12-17-2-31.

STATE WELFARE - COUNTY ADMINISTRATION		
Total Operating Expense	**98,281,302**	**98,281,302**
EDUCATION AND TRAINING		
Total Operating Expense	**8,309,088**	**8,309,088**
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)		
Total Operating Expense	**31,357,943**	**31,357,943**
INFORMATION SYSTEMS/TECHNOLOGY		
Total Operating Expense	**12,931,228**	**12,931,228**
CHILD CARE SERVICES		
Total Operating Expense	**33,670,756**	**33,670,756**

The foregoing appropriations for information systems/technology, education and training, temporary assistance to needy families (TANF), and child care services are for the purpose of enabling the division of family and children to carry out all services as provided in IC 12-14. In addition to the above appropriations, all money received from the federal government and paid into the state treasury as a grant or allowance is appropriated and shall be expended by the division of family and children for the respective purposes for which such money was allocated and paid to this state.

TITLE IV-B CHILD WELFARE ADMINISTRATION		
Total Operating Expense	**569,401**	**569,401**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
ADOPTION ASSISTANCE			
Total Operating Expense	**7,302,930**	**7,302,930**	

The foregoing appropriations for Title IV-B child welfare and adoption assistance represent the maximum state match for Title IV-B, and Title IV-E.

DOMESTIC VIOLENCE PREVENTION AND TREATMENT PROGRAM			
General Fund			
Total Operating Expense	**1,000,000**	**1,000,000**	
Domestic Violence Prevention and Treatment Fund (IC 12-18-4)			
Total Operating Expense	**1,000,000**	**1,000,000**	
Augmentation allowed.			
STEP AHEAD			
Total Operating Expense	**1,784,493**	**1,784,493**	
FOOD ASSISTANCE PROGRAM			
Total Operating Expense	**146,000**	**146,000**	
YOUTH SERVICE BUREAU			
Total Operating Expense	**1,250,000**	**1,250,000**	

The executive director of the division of family and children shall establish standards for youth service bureaus. Any youth service bureau that is not an agency of a unit of local government or is not registered with the Indiana secretary of state as a nonprofit corporation shall not be funded. The division of family and children shall fund all youth service bureaus that meet the standards as established June 30, 1983. However, a grant may not be made without approval by the budget agency after review by the budget committee.

EARLY CHILDHOOD INTERVENTION SERVICES/PROJECT SAFEPLACE			
Total Operating Expense	**6,583,433**	**6,583,433**	
SOCIAL SERVICES BLOCK GRANT (SSBG)			
Total Operating Expense	**16,534,000**	**16,534,000**	

The above appropriated funds are allocated in the following manner during the biennium:

Division of Disability, Aging, and Rehabilitative Services	**1,615,017**	**1,615,017**
Division of Family and Children, Child Welfare	**12,404,090**	**12,404,090**
Division of Family and Children, Family Protection Services	**1,475,214**	**1,475,214**
Department of Health	**228,376**	**228,376**
Department of Correction	**811,303**	**811,303**

AGING AND DISABILITY SERVICES			
Total Operating Expense	**16,941,480**	**16,941,480**	

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
DIVISION OF DISABILITY, AGING, AND REHABILITATIVE SERVICES ADMINISTRATION			
Total Operating Expense	**3,080**	**3,080**	

The above appropriations for the division of disability, aging, and rehabilitative services administration are for administrative expenses. Any federal fund reimbursements received for such purposes are to be deposited in the state general fund.

HOME HEALTH PROVIDER SALARIES			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**3,000,000**	**3,000,000**	

The foregoing appropriations for the division of disability, aging, and rehabilitative services are appropriated for the home health providers to increase the salaries of direct care workers.

C.H.O.I.C.E. IN-HOME SERVICES			
Total Operating Expense	**48,673,544**	**48,673,544**	

The foregoing appropriations for C.H.O.I.C.E./In-Home Services include intragovernmental transfers to provide the nonfederal share of the Medicaid aged and disabled waiver. In addition to the Medicaid aged and disabled waivers provided under intragovernmental transfers, an additional $3,000,000 may be used each year for Medicaid aged and disabled waivers.

If the appropriations for C.H.O.I.C.E./In-Home Services are insufficient to provide services to all eligible persons, the division of disability, aging, and rehabilitative services may give priority for services to persons who are unable to perform three (3) or more activities of daily living (as defined in IC 12-10-10-1.5). The division of disability, aging, and rehabilitative services may discontinue conducting assessments for individuals applying for services under the C.H.O.I.C.E/ In-Home Services program if a waiting list for such services exists.

The division of disability, aging, and rehabilitative services shall conduct an annual evaluation of the cost effectiveness of providing home care. Before January of each year, the division shall submit a report to the budget committee, the budget agency, and the legislative council that covers all aspects of the division's evaluation and such other information pertaining thereto as may be requested by the budget committee, the budget agency, or the legislative council, including the following:
(1) the number and demographic characteristics of the recipients of home care during the preceding fiscal year;
(2) the total cost and per recipient cost of providing home care services during the preceding fiscal year;
(3) the number of recipients of home care services who would have been placed in long term care facilities had they not received home care services; and
(4) the total cost savings during the preceding fiscal year realized by the state due to recipients of home care services (including Medicaid) being diverted from long term care facilities.
The division shall obtain from providers of services data on their costs and expenditures regarding implementation of the program and report the findings to the budget committee,

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

the budget agency, and the legislative council.

VOCATIONAL REHABILITATION SERVICES			
Personal Services	**3,555,739**	**3,555,739**	
Other Operating Expense	**11,952,631**	**11,952,631**	
AID TO INDEPENDENT LIVING			
Total Operating Expense	**22,222**	**22,222**	
ATTAIN PROJECT			
Total Operating Expense	**355,500**	**355,500**	
OFFICE OF DEAF AND HEARING IMPAIRED			
Personal Services	**278,202**	**278,202**	
Other Operating Expense	**219,519**	**219,519**	
BLIND VENDING OPERATIONS			
Total Operating Expense	**130,137**	**130,137**	
DEVELOPMENTALLY DISABLED CLIENT SERVICES			
From the General Fund			
169,038,450			
From the Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
42,600,000			
Total Operating Expense			**211,638,450**

With the approval of the governor and the budget agency, an amount up to $1,250,000 for each year of the biennium may be transferred from the above appropriations for client services to early childhood intervention services.

The above appropriations for client services include the intragovernmental transfers necessary to provide the nonfederal share of reimbursement under the Medicaid program for day services provided to residents of group homes and nursing facilities.

In the development of new community residential settings for persons with developmental disabilities, the division of disability, aging, and rehabilitative services must give priority to the appropriate placement of such persons who are eligible for Medicaid and currently residing in intermediate care or skilled nursing facilities and, to the extent permitted by law, such persons who reside with aged parents or guardians or families in crisis.

QUALITY ASSURANCE SERVICES			
From the Community Services Quality Assurance Fund (IC 12-11-1.1-10)			
Total Operating Expense	**10,000,000**	**10,000,000**	
Augmentation allowed.			
STATE DEVELOPMENTAL CENTERS			
From the General Fund			
Total Operating Expense			**90,541,100**
From the Mental Health Fund (IC 12-24-14-4)			
Total Operating Expense			**82,181,216**
From the MSDC Vocational			
Total Operating Expense			**17,920**
Augmentation allowed.			

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

The foregoing appropriations for the state developmental centers are for the operations of the Fort Wayne state developmental center and the Muscatatuck state developmental center.

Sixty-six percent (66%) of the revenue accruing to the above named state developmental centers under IC 12-15 shall be deposited in the mental health fund established under IC 12-24-14, and thirty-four percent (34%) of the revenue accruing to the above named institutions under IC 12-15 shall be deposited in the state general fund.

In addition to the above appropriations, each institution may qualify for an additional appropriation, or allotment, subject to approval of the governor and the budget agency, from the mental health fund of up to twenty percent (20%) but not to exceed $50,000, of the amount in which actual net collections exceed an amount specified in writing by the division of disability, aging, and rehabilitative services before July 1 of each year beginning July 1, 2003.

B. PUBLIC HEALTH

FOR THE STATE DEPARTMENT OF HEALTH

Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Personal Services	**18,694,664**	**18,694,664**
Other Operating Expense	**7,054,223**	**7,054,223**

All receipts to the state department of health from licenses or permit fees shall be deposited in the state general fund. Augmentation allowed in amounts not to exceed additional revenue from penalties or fees enacted or implemented for collection by the state department of health after January 1, 2003.

CANCER REGISTRY		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**237,224**	**237,224**
MINORITY HEALTH INITIATIVE		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**2,092,500**	**2,092,500**

The foregoing appropriations shall be allocated to the Indiana Minority Health Coalition to work with the state department on the implementation of IC 16-46-11.

SICKLE CELL		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**232,500**	**232,500**
AID TO COUNTY TUBERCULOSIS HOSPITALS		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Other Operating Expense	**107,397**	**107,397**

These funds shall be used for eligible expenses according to IC 16-21-7-3 for tuberculosis patients for whom there are no other sources of reimbursement, including patient resources, health insurance, medical assistance payments, and hospital care for the indigent.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
MEDICARE-MEDICAID CERTIFICATION			
Total Operating Expense	**4,429,886**	**4,429,886**	

Personal services augmentation allowed in amounts not to exceed additional revenue from health facilities license fee increases or from health care providers (as defined in IC 16-18-2-163) fee increases enacted after January 1, 2003 or adopted by the Executive Board of the Indiana State Department of Health pursuant to IC 16-19-3.

AIDS EDUCATION			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Personal Services	**315,208**	**315,208**	
Other Operating Expense	**359,594**	**359,594**	
HIV/AIDS SERVICES			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**2,325,004**	**2,325,004**	
TEST FOR DRUG AFFLICTED BABIES			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**62,496**	**62,496**	

The above appropriations for drug afflicted babies shall be used for the following purposes:

(1) All newborn infants shall be tested for the presence of a controlled substance in the infant's meconium if they meet the criteria established by the state department of health. These criteria will, at a minimum, include all newborns, if at birth:
(A) the infant's weight is less than two thousand five hundred (2,500) grams;
(B) the infant's head is smaller than the third percentile for the infant's gestational age; and
(C) there is no medical explanation for the conditions described in clauses (A) and (B).
(2) If a meconium test determines the presence of a controlled substance in the infant's meconium, the infant may be declared a child in need of services as provided in IC 31-34-1-10 through IC 31-34-1-13. However, the child's mother may not be prosecuted in connection with the results of the test.
(3) The state department of health shall provide forms on which the results of a meconium test performed on an infant under subdivision (1) must be reported to the state department of health by physicians and hospitals.
(4) The state department of health shall, at least semi-annually:
(A) ascertain the extent of testing under this chapter; and
(B) report its findings under subdivision (1) to:
(i) all hospitals;
(ii) physicians who specialize in obstetrics and gynecology or work with infants and young children; and
(iii) any other group interested in child welfare that requests a copy of the report from the state department of health.
(5) The state department of health shall designate at least one (1) laboratory to perform the meconium test required under subdivisions (1) through (8). The designated laboratories shall perform a meconium test on each infant described in subdivision (1) to detect the presence of a controlled substance.
(6) Subdivisions (1) through (7) do not prevent other facilities from conducting tests on infants to detect the presence of a controlled substance.

(7) Each hospital and physician shall:
(A) take or cause to be taken a meconium sample from every infant born under the hospital's and physician's care who meets the description under subdivision (1); and
(B) transport or cause to be transported each meconium sample described in clause (A) to a laboratory designated under subdivision (5) to test for the presence of a controlled substance as required under subdivisions (1) through (7).
(8) The state department of health shall continue to evaluate the program established under subdivisions (1) through (7). The state department of health shall report the results of the evaluation to the general assembly not later than January 30, 2002, and January 30, 2003. The general assembly shall use the results of the evaluation to determine whether to continue the testing program established under subdivisions (1) through (7).
(9) The state department of health shall establish guidelines to carry out this program, including guidance to physicians, medical schools, and birthing centers as to the following:
(A) Proper and timely sample collection and transportation under subdivision (7) of this appropriation.
(B) Quality testing procedures at the laboratories designated under subdivision 5 of this appropriation.
(C) Uniform reporting procedures.
(D) Appropriate diagnosis and management of affected newborns and counseling and support programs for newborns' families.
(10) A medically appropriate discharge of an infant may not be delayed due to the results of the test described in subdivision (1) or due to the pendency of the results of the test described in subdivision (1).

STATE CHRONIC DISEASES		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Personal Services	**91,741**	**91,741**
Other Operating Expense	**444,775**	**444,775**

At least $82,560 of the above appropriations shall be for grants to community groups and organizations as provided in IC 16-46-7-8.

WOMEN, INFANTS, AND CHILDREN SUPPLEMENT		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**176,700**	**176,700**
MATERNAL AND CHILD HEALTH SUPPLEMENT		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**176,700**	**176,700**

Notwithstanding IC 6-7-1-30.2, the above appropriations for the women, infants, and children supplement and maternal and child health supplement are the total appropriations provided for this purpose.

CANCER EDUCATION AND DIAGNOSIS - BREAST CANCER		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**93,000**	**93,000**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
CANCER EDUCATION AND DIAGNOSIS - PROSTATE CANCER			
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)			
Total Operating Expense	**93,000**	**93,000**	
ADOPTION HISTORY			
Adoption History Fund (IC 31-19-18)			
Total Operating Expense	**172,170**	**172,170**	
Augmentation allowed.			
CHILDREN WITH SPECIAL HEALTH CARE NEEDS			
Total Operating Expense	**5,848,119**	**5,848,119**	
NEWBORN SCREENING PROGRAM			
Newborn Screening Fund (IC 16-41-17)			
Personal Services	**117,823**	**117,823**	
Other Operating Expense	**1,093,914**	**1,093,914**	
Augmentation allowed.			
INDIANA HEALTH CARE PROFESSIONAL RECRUITMENT AND RETENTION			
Indiana Medical and Nursing Grant Fund (IC 16-46-5)			
Total Operating Expense	**40,000**	**40,000**	
Augmentation allowed.			
RADON GAS TRUST FUND			
Radon Gas Trust Fund (IC 16-41-38-8)			
Total Operating Expense	**15,000**	**15,000**	
Augmentation allowed.			
BIRTH PROBLEMS REGISTRY			
Birth Problems Registry Fund (IC 16-38-4)			
Personal Services	**29,976**	**29,976**	
Other Operating Expense	**10,661**	**10,661**	
Augmentation allowed.			
MOTOR FUEL INSPECTION PROGRAM			
Motor Fuel Inspection Fund (IC 16-44-3-10)			
Total Operating Expense	**80,313**	**80,313**	
Augmentation allowed.			
PROJECT RESPECT			
Total Operating Expense	**597,787**	**597,787**	
DONATED DENTAL SERVICES			
Total Operating Expense	**46,500**	**46,500**	

The above appropriation shall be used by the Indiana foundation for dentistry for the handicapped.

OFFICE OF WOMEN'S HEALTH			
Total Operating Expense	**162,749**	**162,749**	
SILVERCREST CHILDREN'S DEVELOPMENT CENTER			
Personal Services	**6,774,075**	**6,774,075**	
Other Operating Expense	**660,595**	**660,595**	
SOLDIERS' AND SAILORS' CHILDREN'S HOME			
Personal Services	**8,854,535**	**8,854,535**	
Other Operating Expense	**1,152,667**	**1,152,667**	
INDIANA VETERANS' HOME			
From the General Fund			

	12,515,923	**12,736,091**
From the Comfort - Welfare Fund		
	9,292,152	**9,292,152**

The amounts specified from the General Fund and the Comfort-Welfare Fund are for the following purposes:

Personal Services	**17,530,659**	**17,555,659**
Other Operating Expense	**4,277,416**	**4,472,584**

Subject to approval of the budget agency, any revenue accruing to the Silvercrest Children's Development Center and Soldiers' and Sailors' Children's Home from the receipt of Medicaid reimbursement may be used to augment the above appropriations. Any revenues not used for augmentation shall be deposited in the state general fund.

MINORITY EPIDEMIOLOGY		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**500,000**	**500,000**
COMMUNITY HEALTH CENTERS		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**15,000,000**	**15,000,000**
LOCAL HEALTH MAINTENANCE FUND		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**3,860,000**	**3,860,000**

The above appropriations for the local health maintenance fund from the tobacco master settlement agreement fund is in lieu of the appropriation provided for this purpose in IC 6-7-1-30.5 or any other law. Of the above appropriations for the local health maintenance fund, $60,000 each year shall be used to provide additional funding to adjust funding through the formula in IC 16-46-10 to reflect population increases in various counties.

LOCAL HEALTH DEPARTMENT ACCOUNT		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**3,000,000**	**3,000,000**

The foregoing appropriations for the local health department account are statutory distributions pursuant to IC 4-12-7.

FOR THE TOBACCO USE PREVENTION AND CESSATION BOARD

TOBACCO USE PREVENTION AND CESSATION PROGRAM		
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)		
Total Operating Expense	**10,800,000**	**10,800,000**

FOR THE INDIANA SCHOOL FOR THE BLIND

Personal Services	**9,635,103**	**9,635,103**
Other Operating Expense	**728,554**	**728,554**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
FOR THE INDIANA SCHOOL FOR THE DEAF			
Personal Services	**15,748,129**	**15,748,129**	
Other Operating Expense	**1,439,925**	**1,439,925**	
C. VETERANS' AFFAIRS			
FOR THE INDIANA DEPARTMENT OF VETERANS' AFFAIRS			
Personal Services	**620,693**	**620,693**	
Other Operating Expense	**216,564**	**216,564**	

The foregoing appropriations for the Indiana department of veterans' affairs include operating funds for the veterans' cemetery. Notwithstanding IC 10-17-1-6, staff employed for the operation and maintenance of the veterans' cemetery shall be selected as are all other state employees.

DISABLED AMERICAN VETERANS OF WORLD WARS			
Total Operating Expense	**40,000**	**40,000**	
AMERICAN VETERANS OF WORLD WAR II, KOREA, AND VIETNAM			
Total Operating Expense	**30,000**	**30,000**	
VETERANS OF FOREIGN WARS			
Total Operating Expense	**30,000**	**30,000**	
VIETNAM VETERANS OF AMERICA			
Total Operating Expense			**20,000**

SECTION 9. [EFFECTIVE JULY 1, 2003]

EDUCATION

A. HIGHER EDUCATION

FOR INDIANA UNIVERSITY		
BLOOMINGTON CAMPUS		
Total Operating Expense	**189,312,508**	**191,651,210**
Informatics	**2,500,000**	**3,600,000**
Fee Replacement	**16,146,719**	**16,303,973**
FOR INDIANA UNIVERSITY REGIONAL CAMPUSES		
EAST		
Total Operating Expense	**7,343,242**	**7,598,569**
Fee Replacement	**1,804,606**	**1,812,830**
KOKOMO		
Total Operating Expense	**9,968,950**	**10,099,818**
Fee Replacement	**2,022,724**	**2,031,944**
NORTHWEST		
Total Operating Expense	**17,178,540**	**17,173,419**
Fee Replacement	**3,557,707**	**3,573,923**
SOUTH BEND		
Total Operating Expense	**22,061,845**	**22,586,919**
Informatics	**427,500**	**427,500**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Fee Replacement	**5,427,781**	**5,452,521**	
SOUTHEAST			
Total Operating Expense	**18,634,905**	**19,186,666**	
Fee Replacement	**4,924,139**	**4,946,583**	
TOTAL APPROPRIATION - INDIANA UNIVERSITY REGIONAL CAMPUSES	**93,351,939**	**94,890,692**	
FOR INDIANA UNIVERSITY - PURDUE UNIVERSITY AT INDIANAPOLIS (IUPUI)			
HEALTH DIVISIONS			
Total Operating Expense	**87,221,750**	**88,938,286**	
Fee Replacement	**3,462,881**	**3,482,543**	
FOR INDIANA UNIVERSITY - REGIONAL MEDICAL CENTERS			
EVANSVILLE REGIONAL MEDICAL CENTER			
Total Operating Expense	**1,472,768**	**1,501,752**	
FORT WAYNE REGIONAL MEDICAL CENTER			
Total Operating Expense	**1,354,853**	**1,381,517**	
NORTHWEST REGIONAL MEDICAL CENTER			
Total Operating Expense	**1,924,755**	**1,962,634**	
LAFAYETTE REGIONAL MEDICAL CENTER			
Total Operating Expense	**1,718,115**	**1,751,927**	
MUNCIE REGIONAL MEDICAL CENTER			
Total Operating Expense	**1,544,864**	**1,575,268**	
SOUTH BEND REGIONAL MEDICAL CENTER			
Total Operating Expense	**1,432,678**	**1,460,873**	
TERRE HAUTE REGIONAL MEDICAL CENTER			
Total Operating Expense	**1,708,061**	**1,741,676**	

The Indiana University school of medicine shall submit to the Indiana commission for higher education before May 15 of each year an accountability report containing data on the number of medical school graduates who entered primary care physician residencies in Indiana from the school's most recent graduating class.

FOR INDIANA UNIVERSITY - PURDUE UNIVERSITY AT INDIANAPOLIS (IUPUI)			
GENERAL ACADEMIC DIVISIONS			
Total Operating Expense	**84,742,881**	**86,643,396**	
Informatics	**2,500,000**	**3,700,000**	
Fee Replacement	**16,208,181**	**16,300,205**	
TOTAL APPROPRIATIONS - IUPUI	**205,291,787**	**210,440,077**	

Transfers of allocations between campuses to correct for errors in allocation among the campuses of Indiana University can be made by the institution with the approval of the commission for higher education and the budget agency. Indiana University shall maintain current operations at all statewide medical education sites.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
FOR INDIANA UNIVERSITY			
ABILENE NETWORK OPERATIONS CENTER			
Total Operating Expense	**817,502**	**817,502**	
SPINAL CORD AND HEAD INJURY RESEARCH CENTER			
Total Operating Expense	**509,630**	**514,726**	
DIVISION OF LABOR STUDIES IN CONTINUING EDUCATION			
Total Operating Expense	**358,368**	**358,368**	
OPTOMETRY BOARD EDUCATION FUND			
Total Operating Expense	**29,000**	**1,500**	
CHEMICAL TEST TRAINING			
Total Operating Expense	**644,058**	**644,058**	
INSTITUTE FOR THE STUDY OF DEVELOPMENTAL DISABILITIES			
Total Operating Expense	**2,432,526**	**2,432,526**	
GEOLOGICAL SURVEY			
Total Operating Expense	**3,046,002**	**3,046,002**	
INDUSTRIAL RESEARCH LIAISON PROGRAM			
Total Operating Expense	**249,964**	**249,964**	
LOCAL GOVERNMENT ADVISORY COMMISSION			
Total Operating Expense	**55,518**	**55,518**	
FOR PURDUE UNIVERSITY			
WEST LAFAYETTE			
Total Operating Expense	**230,510,461**	**235,172,228**	
Biomedical Engineering	**2,500,000**	**5,000,000**	
Fee Replacement	**21,271,920**	**17,632,498**	
FOR PURDUE UNIVERSITY - REGIONAL CAMPUSES			
CALUMET			
Total Operating Expense	**26,412,712**	**26,547,810**	
Fee Replacement	**1,935,321**	**1,935,778**	
NORTH CENTRAL			
Total Operating Expense	**9,985,054**	**10,255,208**	
Fee Replacement	**1,468,004**	**0**	
TOTAL APPROPRIATION - PURDUE UNIVERSITY REGIONAL CAMPUSES			
	39,801,091	**38,738,796**	
FOR INDIANA UNIVERSITY - PURDUE UNIVERSITY			
AT FORT WAYNE (IUPUFW)			
Total Operating Expense	**31,883,338**	**33,152,780**	
Northeast Indiana Innovation Center	**500,000**	**1,000,000**	
Fee Replacement	**3,683,717**	**3,331,188**	

Transfers of allocations between campuses to correct for errors in allocation among the campuses of Purdue University can be made by the institution with the approval of the commission for higher education and the budget agency.

FOR PURDUE UNIVERSITY
ANIMAL DISEASE DIAGNOSTIC LABORATORY SYSTEM

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Total Operating Expense	**3,353,629**	**3,387,165**	

The above appropriations shall be used to fund the animal disease diagnostic laboratory system (ADDL), which consists of the main ADDL at West Lafayette, the bangs disease testing service at West Lafayette, and the southern branch of ADDL Southern Indiana Purdue Agricultural Center (SIPAC) in Dubois County. The above appropriations are in addition to any user charges that may be established and collected under IC 15-2.1-5-6. Notwithstanding IC 15-2.1-5-5, the trustees of Purdue University may approve reasonable charges for testing for pseudorabies.

STATEWIDE TECHNOLOGY		
Total Operating Expense	**5,468,959**	**5,468,959**
COUNTY AGRICULTURAL EXTENSION EDUCATORS		
Total Operating Expense	**7,103,447**	**7,103,447**
AGRICULTURAL RESEARCH AND EXTENSION - CROSSROADS		
Total Operating Expense	**7,107,724**	**7,107,724**
CENTER FOR PARALYSIS RESEARCH		
Total Operating Expense	**508,005**	**513,085**
UNIVERSITY-BASED BUSINESS ASSISTANCE		
Total Operating Expense	**1,100,715**	**1,100,715**
NORTH CENTRAL - VALPO NURSING PARTNERSHIP		
Total Operating Expense	**98,662**	**98,662**
FOR INDIANA STATE UNIVERSITY		
Total Operating Expense	**77,389,241**	**77,929,474**
Expanding Info. Tech. Expertise	**500,000**	**1,000,000**
Fee Replacement	**6,549,325**	**6,549,470**
FOR UNIVERSITY OF SOUTHERN INDIANA		
Total Operating Expense	**32,440,043**	**33,096,185**
Engineering Equip./ Program Needs	**250,000**	**600,000**
Fee Replacement	**5,862,166**	**5,859,415**
HISTORIC NEW HARMONY		
Total Operating Expense	**356,216**	**356,216**
YOUNG ABE LINCOLN		
Total Operating Expense	**238,562**	**238,562**
FOR BALL STATE UNIVERSITY		
Total Operating Expense	**121,165,738**	**123,174,106**
Entrepreneurship/Comm.Dev.Pl.Inst.	**750,000**	**1,700,000**
Fee Replacement	**8,093,255**	**8,094,555**
ACADEMY FOR SCIENCE, MATHEMATICS, AND HUMANITIES		
Total Operating Expense	**4,196,355**	**4,196,355**
FOR VINCENNES UNIVERSITY		
Total Operating Expense	**33,222,987**	**34,866,027**
Digital Comm./Information Technology	**525,000**	**1,065,000**
Fee Replacement	**2,666,455**	**2,669,550**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
FOR IVY TECH STATE COLLEGE			
Total Operating Expense	**116,718,755**	**127,032,337**	
Statewide Access-AS Nursing Prog	**800,000**	**1,500,000**	
Fee Replacement	**8,997,210**	**10,262,578**	

Of the above appropriations for IVY TECH total operating expense, $135,000 each year shall be used for the Community Learning Center in Portage.

FOR THE INDIANA HIGHER EDUCATION TELECOMMUNICATIONS SYSTEM (IHETS)			
Total Operating Expense	**6,661,610**	**6,661,610**	

The sums herein appropriated to Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, Ivy Tech State College, and the Indiana Higher Education Telecommunications System (IHETS) are in addition to all income of said institutions and IHETS, respectively, from all permanent fees and endowments and from all land grants, fees, earnings, and receipts, including gifts, grants, bequests, and devises, and receipts from any miscellaneous sales from whatever source derived.

All such income and all such fees, earnings, and receipts on hand June 30, 2003, and all such income and fees, earnings, and receipts accruing thereafter are hereby appropriated to the boards of trustees or directors of the aforementioned institutions and IHETS and may be expended for any necessary expenses of the respective institutions and IHETS, including university hospitals, schools of medicine, nurses' training schools, schools of dentistry, and agricultural extension and experimental stations. However, such income, fees, earnings, and receipts may be used for land and structures only if approved by the governor and the budget agency.

The foregoing appropriations and allocations for fee replacement are for replacement of student fees deducted during the 2003-2005 biennium to cover bond or lease-purchase principal, interest, and other obligations of debt costs of facility construction and acquisition for those projects authorized by the general assembly. These fee replacement appropriations and allocations shall be allotted by the budget agency after receipt of verification of payment of such debt cost expense.

The foregoing appropriations to Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, Ivy Tech State College, and IHETS include the employers' share of Social Security payments for university and IHETS employees under the public employees' retirement fund, or institutions covered by the Indiana state teachers' retirement fund. The funds appropriated also include funding for the employers' share of payments to the public employees' retirement fund and to the Indiana state teachers' retirement fund at a rate to be established by the retirement funds for both fiscal years for each institution and for IHETS employees covered by these retirement plans.

The treasurers of Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, and Ivy Tech State College shall, at the end of each three (3) month period, prepare and file with the auditor of state a financial statement that shall show in total

all revenues received from any source, together with a consolidated statement of disbursements for the same period. The budget director shall establish the requirements for the form and substance of the reports.

The reports of the treasurer also shall contain in such form and in such detail as the governor and the budget agency may specify, complete information concerning receipts from all sources, together with any contracts, agreements, or arrangements with any federal agency, private foundation, corporation, or other entity from which such receipts accrue.

All such treasurers' reports are matters of public record and shall include without limitation a record of the purposes of any and all gifts and trusts with the sole exception of the names of those donors who request to remain anonymous.

Notwithstanding IC 4-10-11, the auditor of state shall draw warrants to the treasurers of Indiana University, Purdue University, Indiana State University, University of Southern Indiana, Ball State University, Vincennes University, and Ivy Tech State College on the basis of vouchers stating the total amount claimed against each fund and/or account, but not to exceed the legally made appropriations.

Notwithstanding IC 4-12-1-14, for universities and colleges supported in whole or in part by state funds, grant applications and lists of applications need only be submitted upon request to the budget agency for review and approval or disapproval and, unless disapproved by the budget agency, federal grant funds may be requested and spent without approval by the budget agency. Each institution shall retain the applications for a reasonable period of time and submit a list of all grant applications, at least monthly, to the commission for higher education for informational purposes.

For all university special appropriations, an itemized list of intended expenditures, in such form as the governor and the budget agency may specify, shall be submitted to support the allotment request. All budget requests for university special appropriations shall be furnished in a like manner and as a part of the operating budgets of the state universities.

The trustees of Indiana University, the trustees of Purdue University, the trustees of Indiana State University, the trustees of University of Southern Indiana, the trustees of Ball State University, the trustees of Vincennes University, the trustees of Ivy Tech State College, and the directors of IHETS are hereby authorized to accept federal grants, subject to IC 4-12-1.

Fee replacement funds are to be distributed as requested by each institution, on payment due dates, subject to available appropriations.

FOR THE MEDICAL EDUCATION BOARD		
FAMILY PRACTICE RESIDENCY FUND		
Total Operating Expense	**2,249,791**	**2,249,791**

Of the foregoing appropriations for the medical education board-family practice residency fund, $1,000,000 each year shall be used for grants for the purpose of improving

family practice residency programs serving medically underserved areas.

MEDICAL EDUCATION - INTERN RESIDENCY PROGRAM		
Total Operating Expense	**1**	**1**
FOR THE COMMISSION FOR HIGHER EDUCATION		
Total Operating Expense	**1,478,533**	**1,478,533**
INDIANA CAREER AND POSTSECONDARY ADVANCEMENT CENTER		
Total Operating Expense	**866,094**	**866,094**
FOR THE DEPARTMENT OF ADMINISTRATION		
ANIMAL DISEASE DIAGNOSTIC LABORATORY LEASE RENTAL		
Total Operating Expense	**1,045,975**	**1,044,934**
FOR THE STATE BUDGET AGENCY		
GIGAPOP PROJECT		
Total Operating Expense	**727,638**	**727,638**
SOUTH CENTRAL EDUCATIONAL ALLIANCE		
BEDFORD SERVICE AREA		
Total Operating Expense	**280,710**	**280,710**
SOUTHEAST INDIANA EDUCATION SERVICES		
Total Operating Expense	**742,468**	**742,468**

The above appropriation for southeast Indiana education services may be expended with the approval of the budget agency after review by the commission for higher education and the budget committee.

DEGREE LINK		
Total Operating Expense	**500,375**	**500,375**

The above appropriations shall be used for the delivery of Indiana State University baccalaureate degree programs at Ivy Tech State College and Vincennes University locations through Degree Link. Distributions shall be made upon the recommendation of the Indiana commission for higher education and with approval by the budget agency after review by the budget committee.

WORKFORCE CENTERS		
Total Operating Expense	**837,000**	**837,000**

The distribution of total university operating and line item appropriations for the 2003-2004 fiscal year to Indiana University, Purdue University, Indiana State University, Ball State University, the University of Southern Indiana, Vincennes University, Ivy Tech State College, the Indiana Higher Education Telecommunications System (IHETS), the Indiana commission for higher education (ICHE), and the budget agency includes one-twelfth (1/12) of the calculated amounts appropriated for fiscal year 2002-2003 by P.L. 291-2001, as adjusted by P.L. 178-2002 and budget agency implementation of the deficit management plan, and eleven-twelfths (11/12) of the appropriations for fiscal year 2003-04.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

The distribution of total university operating and line item appropriations for the 2004-2005 fiscal year to Indiana University, Purdue University, Indiana State University, Ball State University, the University of Southern Indiana, Vincennes University, Ivy Tech State College, IHETS, ICHE, and the budget agency includes one-twelfth (1/12) of the amount appropriated for fiscal year 2003-2004 and eleven-twelfths (11/12) of the amount appropriated for fiscal year 2004-2005.

FOR THE STATE STUDENT ASSISTANCE COMMISSION		
Total Operating Expense	**1,266,044**	**1,266,044**
FREEDOM OF CHOICE GRANTS		
Total Operating Expense	**36,428,485**	**38,041,495**
HIGHER EDUCATION AWARD PROGRAM		
Total Operating Expense	**87,851,595**	**98,811,021**
NURSING SCHOLARSHIP PROGRAM		
Total Operating Expense	**402,142**	**402,142**
HOOSIER SCHOLAR PROGRAM		
Total Operating Expense	**400,000**	**400,000**

For the higher education awards and freedom of choice grants made for the 2003-2005 biennium, the following guidelines shall be used, notwithstanding current administrative rule or practice:
(1) Financial Need: For purposes of these awards, financial need shall be limited to actual undergraduate tuition and fees for the prior academic year as established by the commission.
(2) Maximum Base Award: The maximum award shall not exceed the lesser of:
(A) eighty percent (80%) of actual prior academic year undergraduate tuition and fees; or
(B) eighty percent (80%) of the sum of the highest prior academic year undergraduate tuition and fees at any public institution of higher education and the lowest appropriation per full-time equivalent (FTE) undergraduate student at any public institution of higher education.
(3) Minimum Award: No actual award shall be less than $200.
(4) Award Size: A student's maximum award shall be reduced one (1) time:
(A) for dependent students, by the expected contribution from parents based upon information submitted on the financial aid application form; and
(B) for independent students, by the expected contribution derived from information submitted on the financial aid application form.
(5) Award Adjustment: The maximum base award may be adjusted by the commission, for any eligible recipient who fulfills college preparation requirements defined by the commission.
(6) Adjustment: If the dollar amounts of eligible awards exceed appropriations and program reserves, all awards may be adjusted by the commission by reducing the maximum award under subdivision (2)(A) or (2)(B).

For the Hoosier scholar program for the 2003-2005 biennium, each award shall not exceed five hundred dollars ($500) and shall be made available for one (1) year only. Receipt of this award shall not reduce any other award received under any state funded student assistance program.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
STATUTORY FEE REMISSION			
Total Operating Expense	**13,859,865**	**16,741,402**	
PART-TIME GRANT PROGRAM			
Total Operating Expense	**5,250,000**	**5,250,000**	

Priority for awards made from the above appropriation shall be given first to eligible students meeting TANF income eligibility guidelines as determined by the family and social services administration and second to eligible students who received awards from the part time grant fund during the 2002-2003 school year. Funds remaining shall be distributed according to procedures established by the commission. The maximum grant that an applicant may receive for a particular academic term shall be established by the commission but shall in no case be greater than a grant for which an applicant would be eligible under IC 20-12-21 if the applicant were a full-time student. The commission shall collect and report to the family and social services administration (FSSA) all data required for FSSA to meet the data collection and reporting requirements in 45 CFR Part 265.

The Family and social services administration, division of family and children shall apply all qualifying expenditures for the part time grant program toward Indiana's maintenance of effort under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.).

CONTRACT FOR INSTRUCTIONAL OPPORTUNITIES IN SOUTHEASTERN INDIANA			
Total Operating Expense	**603,407**	**603,407**	
MINORITY TEACHER SCHOLARSHIP FUND			
Total Operating Expense	**399,768**	**399,768**	
COLLEGE WORK STUDY PROGRAM			
Total Operating Expense	**805,189**	**805,189**	
21ST CENTURY ADMINISTRATION			
Total Operating Expense	**2,586,443**	**4,086,443**	
21ST CENTURY SCHOLAR AWARDS			
Total Operating Expense	**15,996,500**	**18,402,449**	
Augmentation for 21st Century Scholar Awards allowed from the General Fund.			

The commission shall collect and report to the family and social services administration (FSSA) all data required for FSSA to meet the data collection and reporting requirements in 45 CFR Part 265.

Family and social services, division of family and children shall apply all qualifying expenditures for the 21st century scholars program toward Indiana's maintenance of effort under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.)

NATIONAL GUARD SCHOLARSHIP			
Total Operating Expense	**2,714,478**	**3,033,730**	

The above appropriations for national guard scholarship and any program reserves existing on June 30, 2003, shall be the total allowable state expenditure for the program in the 2003-2005 biennium. If the dollar amounts of eligible awards exceed

appropriations and program reserves, the state student assistance commission shall develop a plan to insure that the total dollar amount does not exceed the above appropriations and any program reserves.

B. ELEMENTARY AND SECONDARY EDUCATION

FOR THE DEPARTMENT OF EDUCATION

STATE BOARD OF EDUCATION		
Total Operating Expense	**3,152,112**	**3,152,112**

The foregoing appropriations for the Indiana state board of education are for the education roundtable established by IC 20-1-20.5-3; for the academic standards project to distribute copies of the academic standards and provide teachers with curriculum frameworks; for special evaluation and research projects including national and international assessments; and for state board and roundtable administrative expenses.

SUPERINTENDENT'S OFFICE		
Personal Services	**678,154**	**678,154**
Other Operating Expense	**1,518,002**	**1,518,002**
PUBLIC TELEVISION DISTRIBUTION		
Total Operating Expense	**2,357,563**	**2,357,563**

These appropriations are for grants for public television. The Indiana Public Broadcasting Stations, Inc. shall submit a distribution plan for the 9 Indiana public education television stations that shall be approved by the budget agency and reviewed by the budget committee. The above appropriation includes the costs of transmission for the "GED-on-TV" program. Of the above appropriations, $100,000 each year shall be distributed equally among the eight radio stations.

RESEARCH AND DEVELOPMENT PROGRAMS		
Personal Services	**88,499**	**88,499**
Other Operating Expense	**275,615**	**275,615**

Of the foregoing appropriations for Research and Development Programs, $100,000 each year shall be used for the Indiana University Education Policy Center.

DEPUTY SUPERINTENDENT'S OFFICE		
Personal Services	**415,649**	**415,649**
Other Operating Expense	**145,716**	**145,716**
RILEY HOSPITAL		
Total Operating Expense	**27,900**	**27,900**
ADMINISTRATION AND FINANCIAL MANAGEMENT		
Personal Services	**2,132,994**	**2,132,994**
Other Operating Expense	**313,816**	**313,816**
MOTORCYCLE OPERATOR SAFETY EDUCATION FUND		
Safety Education Fund (IC 20-10.1-7-14)		
Personal Services	**119,353**	**119,353**
Other Operating Expense	**901,708**	**901,708**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

The foregoing appropriations for the motorcycle operator safety education fund are from the motorcycle operator safety education fund created by IC 20-10.1-7-14.

SCHOOL TRAFFIC SAFETY		
Motor Vehicle Highway Account (IC 8-14-1)		
Personal Services	**216,678**	**216,678**
Other Operating Expense	**42,311**	**42,311**
Augmentation allowed.		
CENTER FOR SCHOOL ASSESSMENT		
Personal Services	**295,106**	**295,106**
Other Operating Expense	**759,136**	**759,136**
ACCREDITATION SYSTEM		
Personal Services	**461,992**	**461,992**
Other Operating Expense	**512,010**	**512,010**
SPECIAL EDUCATION (S-5)		
Total Operating Expense	**30,000,000**	**30,000,000**

The foregoing appropriations for special education are made under IC 20-1-6-19.

CENTER FOR COMMUNITY RELATIONS AND SPECIAL POPULATIONS		
Personal Services	**258,099**	**258,099**
Other Operating Expense	**61,805**	**61,805**
SPECIAL EDUCATION EXCISE		
Alcoholic Beverage Excise Tax Funds (IC 20-1-6-10)		
Personal Services	**330,332**	**330,332**
Augmentation allowed.		
GED-ON-TV PROGRAM		
Other Operating Expense	**229,500**	**229,500**

The foregoing appropriation is for grants to provide GED-ON-TV programming. The GED-ON-TV Program shall submit for review by the budget committee an annual report on utilization of this appropriation.

VOCATIONAL EDUCATION		
Personal Services	**1,303,194**	**1,303,194**
Other Operating Expense	**78,783**	**78,783**
ADVANCED PLACEMENT PROGRAM		
Other Operating Expense	**930,000**	**930,000**

The above appropriations for the Advanced Placement program are to provide funding for students of accredited public and nonpublic schools.

PSAT PROGRAM		
Other Operating Expense	**744,000**	**744,000**

The above appropriations for the PSAT program are to provide funding for students of accredited public and nonpublic schools.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
CENTER FOR SCHOOL IMPROVEMENT AND PERFORMANCE			
Personal Services	**1,728,746**	**1,728,746**	
Other Operating Expense	**992,586**	**992,586**	
PRINCIPAL LEADERSHIP ACADEMY			
Personal Services	**326,637**	**326,637**	
Other Operating Expense	**151,224**	**151,224**	
EDUCATION SERVICE CENTERS			
Total Operating Expense	**1,721,287**	**1,721,287**	

No appropriation made for an education service center shall be distributed to the administering school corporation of the center unless each participating school corporation of the center contracts to pay to the center at least three dollars ($3) per student for fiscal year 2003-2004 based on the school corporation's ADM count as reported for school aid distribution in the fall of 2002, and at least three dollars ($3) per student for fiscal year 2004-2005, based on the school corporation's ADM count as reported for school aid distribution beginning in the fall of 2003. Before notification of education service centers of the formula and components of the formula for distributing funds for education service centers, review and approval of the formula and components must be made by the budget agency.

TRANSFER TUITION (STATE EMPLOYEES' CHILDREN AND ELIGIBLE CHILDREN IN MENTAL HEALTH FACILITIES)			
Total Operating Expense	**199,950**	**199,950**	

The foregoing appropriations for transfer tuition (state employees' children and eligible children in mental health facilities) are made under IC 20-8.1-6.1-6 and IC 20-8.1-6.1-5.

TEACHERS' SOCIAL SECURITY AND RETIREMENT DISTRIBUTION			
Total Operating Expense	**2,403,792**	**2,403,792**	

The foregoing appropriations shall be distributed by the department of education on a monthly basis and in approximately equal payments to special education cooperatives, area vocational schools, and other governmental entities that received state teachers' Social Security distributions for certified education personnel (excluding the certified education personnel funded through federal grants) during the fiscal year beginning July 1, 1992, and ending June 30, 1993, and for the units under the Indiana state teacher's retirement fund, the amount they received during the 2002-2003 state fiscal year for teachers' retirement. If the total amount to be distributed is greater than the total appropriation, the department of education shall reduce each entity's distribution proportionately.

DISTRIBUTION FOR TUITION SUPPORT			
General Fund			
Total Operating Expense	**2,053,342,946**	**2,074,488,779**	
Property Tax Replacement Fund (IC 6-1.1-21)			
Total Operating Expense	**1,603,407,054**	**1,624,011,221**	

The foregoing appropriations for distribution for tuition support are to be distributed

for tuition support, special education programs, vocational education programs, at-risk programs, honors grants, and the primetime program in accordance with a statute enacted for this purpose during the 2003 session of the general assembly.

If the above appropriations for distribution for tuition support are more than are required under this SECTION, one-half (1/2) of any excess shall revert to the state general fund and one-half (1/2) of any excess shall revert to the property tax replacement fund.

The above appropriations for tuition support shall be made each calendar year under a schedule set by the budget agency and approved by the governor. However, the schedule shall provide for at least twelve (12) payments, that one (1) payment shall be made at least every forty (40) days, and the aggregate of the payments in each calendar year shall equal the amount required under the statute enacted for the purpose referred to above.

DISTRIBUTION FOR TRANSPORTATION		
Total Operating Expense	**11,997,909**	**0**

The distributions for transportation shall be made to each local school corporation in accordance with IC 21-3-3.1 and any pertinent rules.

ADA FLAT GRANT DISTRIBUTION		
Total Operating Expense	**17,927,299**	**0**

Distribution to local school corporations shall be based on average daily attendance. The foregoing appropriations for the ADA flat grant distribution account include the appropriation of the common school fund interest balance. The remainder of the above appropriations are provided from the state general fund.

DISTRIBUTION FOR SUMMER SCHOOL		
Other Operating Expense	**18,360,000**	**18,360,000**

It is the intent of the 2003 general assembly that the above appropriations for summer school shall be the total allowable state expenditure for such program. Therefore, if the expected disbursements are anticipated to exceed the total appropriation for that state fiscal year, then the department of education shall reduce the distributions proportionately.

EARLY INTERVENTION PROGRAM		
Personal Services	**13,000**	**13,000**
Other Operating Expense	**3,707,000**	**3,707,000**

The above appropriations for the early intervention program are for grants to local school corporations for grant proposals for early intervention programs, including reading recovery and the Waterford method.

READING DIAGNOSTIC ASSESSMENT		
Total Operating Expense	**1,000,000**	**1,000,000**

The foregoing appropriations shall be used by the department for the reading diagnostic assessment and subsequent remedial programs or activities. The reading diagnostic assessment program, as approved by the board, is to be made available on a voluntary basis to all Indiana public and non-public school first and second grade students upon the approval of the governing body of school corporations. The board shall determine how the funds will be distributed for the assessment and related remediation. The department or its representative shall provide progress reports on the assessment as requested by the board and the education roundtable.

ADULT EDUCATION DISTRIBUTION		
Total Operating Expense	**14,000,000**	**14,000,000**

It is the intent of the 2003 general assembly that the above appropriations for adult education shall be the total allowable state expenditure for such program. Therefore, if the expected disbursements are anticipated to exceed the total appropriation for a state fiscal year, the department of education shall reduce the distributions proportionately.

NATIONAL SCHOOL LUNCH PROGRAM		
Total Operating Expense	**5,168,289**	**5,400,000**
MARION COUNTY DESEGREGATION COURT ORDER		
Total Operating Expense	**18,200,000**	**18,200,000**

The foregoing appropriations for court ordered desegregation costs are made pursuant to order No. IP 68-C-225-S of the United States District Court for the Southern District of Indiana. If the sums herein appropriated are insufficient to enable the state to meet its obligations, then there are hereby appropriated from the state general fund such further sums as may be necessary for such purpose.

TEXTBOOK REIMBURSEMENT		
Total Operating Expense	**19,900,000**	**19,900,000**

Before a school corporation or an accredited non-public school may receive a distribution under the textbook reimbursement program, the school corporation or accredited non-public school shall provide to the department the requirements established in IC 20-8.1-9-2. The department shall provide to the family and social services administration (FSSA) all data required for FSSA to meet the data collection reporting requirement in 45 CFR Part 265. Family and social services, division of family and children, shall apply all qualifying expenditures for the textbook reimbursement program toward Indiana's maintenance of effort under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.)

TRANSPORTATION FOR SPECIAL AND VOCATIONAL EDUCATION		
Total Operating Expense	**4,450,050**	**0**

The distribution of these appropriations shall be made in accordance with IC 21-3-3.1.

FULL DAY KINDERGARTEN		
Total Operating Expense	**8,500,000**	**8,500,000**

The above appropriations for full-day kindergarten are available to a school corporation that applies to the department of education for funding of full day kindergarten. The amount available to a school corporation equals the amount appropriated divided by the statewide total ADM (as defined in IC 21-3-1.6-1.1) for the current year, and then multiplied by school corporation's ADM (as defined in IC 21-3-1.6-1.1) for the current year. A school corporation that is awarded a grant must provide to the department of education a financial report stating how the funds were spent. Any unspent funds at the end of the biennium must be returned to the state by the school corporation.

TESTING/REMEDIATION		
Other Operating Expense	**31,410,450**	**31,410,450**

Prior to notification of local school corporations of the formula and components of the formula for distributing funds for remediation, review and approval of the formula and components shall be made by the budget agency. With the approval of the governor and the budget agency, the above appropriations for school assessment testing/remediation may be augmented from revenues accruing to the secondary market sale fund established by IC 20-12-21.2-10.

The above appropriation for Testing/Remediation shall be used by school corporations to provide remediation programs for students who attend public and nonpublic schools. For purposes of tuition support, these students are not to be counted in the average daily membership.

GRADUATION EXAM REMEDIATION		
Other Operating Expense	**4,958,910**	**4,958,910**

Prior to notification of local school corporations of the formula and components of the formula for distributing funds for graduation exam remediation, review and approval of the formula and components shall be made by the budget agency. With the approval of the governor and the budget agency, the above appropriations for school assessment testing/remediation may be augmented from revenues accruing to the secondary market sale fund established by IC 20-12-21.2-10.

SPECIAL EDUCATION PRESCHOOL		
Total Operating Expense	**27,173,300**	**27,173,300**

The above appropriations shall be distributed to guarantee a minimum of $2,750 per child enrolled in special education preschool programs from state and local sources in school corporations that levy a $0.01 per $100 assessed valuation tax rate for this purpose. It is the intent of the 2003 general assembly that the above appropriations for special education preschool shall be the total allowable expenditure for such program. Therefore, if the expected disbursements are anticipated to exceed the total appropriation for that state fiscal year, then the department of education shall reduce the distributions proportionately.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
NON-ENGLISH SPEAKING PROGRAM			
Other Operating Expense	**700,000**	**700,000**	

The above appropriations for the non-English speaking program are for pupils who have a primary language other than English and limited English proficiency, as determined by using a standard proficiency examination that has been approved by the department of education.

The grant amount is seventy-five dollars ($75) per pupil. It is the intent of the 2003 general assembly that the above appropriations for the non-English speaking program shall be the total allowable state expenditure for the program. If the expected distributions are anticipated to exceed the total appropriations for the state fiscal year, the department of education shall reduce each school corporation's distribution proportionately.

GIFTED AND TALENTED EDUCATION PROGRAM			
Personal Services	**180,906**	**180,906**	
Other Operating Expense	**5,649,354**	**5,649,354**	
DISTRIBUTION FOR ADULT VOCATIONAL EDUCATION			
Total Operating Expense	**250,000**	**250,000**	

The distribution for adult vocational education programs shall be made in accordance with the state plan for vocational education.

PRIMETIME			
Personal Services	**169,291**	**169,291**	
Other Operating Expense	**34,467**	**34,467**	
DRUG FREE SCHOOLS			
Personal Services	**51,137**	**51,137**	
Other Operating Expense	**20,093**	**20,093**	
PROFESSIONAL DEVELOPMENT DISTRIBUTION			
Other Operating Expense	**13,812,500**	**13,812,500**	

The foregoing appropriations for professional development distributions include schools defined under IC 20-10.2-2-11.

ALTERNATIVE SCHOOLS			
Total Operating Expense	**6,375,000**	**6,375,000**	

The board is to submit recommendations to the budget committee for review before May 1, 2004, for implementation in state fiscal year 2004-2005.

EDUCATIONAL TECHNOLOGY PROGRAM AND FUND (INCLUDING 4R'S TECHNOLOGY GRANT PROGRAM)			
Total Operating Expense	**2,100,000**	**2,100,000**	

Of the foregoing appropriations, $825,000 shall be allocated to the buddy system each state fiscal year during the biennium. Of the foregoing appropriations, $800,000 shall be allocated to the Web Academy during each state fiscal year of the biennium.

The remaining amounts shall be allocated for technology programs and resources for kindergarten through twelfth grade, and the operation of the office of the special assistant to the superintendent of public instruction for technology.

TECHNOLOGY PLAN GRANT PROGRAM (IC 20-10.1-25.3)

Total Operating Expense			**5,000,000**

Notwithstanding IC 20-10.1-25.3-9, the department of education may adjust the grant amount to reflect available funding.

FOR THE INDIANA STATE TEACHERS' RETIREMENT FUND

POSTRETIREMENT PENSION INCREASES

Other Operating Expense	**39,229,000**	**36,532,000**

The appropriations for postretirement pension increases are made for those benefits and adjustments provided in IC 21-6.1-6 and IC 5-10.2-5.

TEACHERS' RETIREMENT FUND DISTRIBUTION

General Fund		
Other Operating Expense	**266,300,000**	**310,300,000**
Augmentation allowed.		

If the amount actually required under the pre-1996 account of the teachers' retirement fund for actual benefit payments is greater than the above appropriations plus the transfer from the pension stabilization fund for pension fund contributions, after notice to the governor and the budget agency of the deficiency, the above appropriations shall be augmented from the pension stabilization fund established by IC 21-6.1-2-8. If the amount actually required under the pre-1996 account of the teachers' retirement fund for actual benefit payments for a year is less than the above appropriations plus the transfer from the pension stabilization fund for pension fund contributions for the year, the excess shall be transferred to the general fund.

The board of the teachers' retirement fund shall transfer $190,000,000 in each of fiscal year 2003-2004 and fiscal year 2004-2005 from the pension stabilization fund (IC 21-6.1-2) to the teachers' retirement fund (IC 21-6.1-2).

FOR THE PROFESSIONAL STANDARDS BOARD - ADMINISTRATION

Personal Services	**2,172,556**	**2,168,448**
Other Operating Expense	**4,633,968**	**4,638,076**

Each mentor teacher is entitled to a maximum annual stipend of $600 to be paid from the foregoing appropriations.

There is created the professional standards board licensing fund to be administered by the professional standards board. The fund shall consist of fee revenues collected under the provisions of IC 20-1-1.4-7. Money in the fund does not revert at the end of the state fiscal year. Money in the fund is continuously appropriated for use by the board for administrative expenses in relation to carrying out its duties under the provisions of IC 20-1-1.4-7.

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

The above appropriations for professional standards board administration are in addition to the appropriation made to the professional standards licensing fund established in this SECTION.

C. OTHER EDUCATION

FOR THE EDUCATION EMPLOYMENT RELATIONS BOARD			
Personal Services	**682,944**	**682,944**	
Other Operating Expense	**41,838**	**41,838**	
PUBLIC EMPLOYEE RELATIONS BOARD			
Total Operating Expense	**32,550**	**32,550**	
FOR THE STATE LIBRARY			
Personal Services	**2,690,045**	**2,690,045**	
Other Operating Expense	**752,550**	**752,550**	
DISTRIBUTION TO PUBLIC LIBRARIES			
Other Operating Expense	**607,936**	**607,936**	

The foregoing appropriations for distribution to public libraries shall be distributed among the public libraries of the state of Indiana under IC 4-23-7.1. However, a public library district that does not provide for the issuance of library cards free of charge or for a fee to all individuals who reside in the county in which that public library district is located shall not be considered an eligible public library district in determining the amounts to be distributed under IC 4-23-7.1 and is not entitled to a distribution under IC 4-23-7.1.

INDIANA COOPERATIVE LIBRARY SERVICES AUTHORITY			
Total Operating Expense	**2,408,848**	**2,408,848**	
ACADEMY OF SCIENCE			
Total Operating Expense	**8,811**	**8,811**	
FOR THE ARTS COMMISSION			
Personal Services	**320,866**	**320,866**	
Other Operating Expense	**3,296,471**	**3,296,471**	
FOR THE HISTORICAL BUREAU			
Personal Services	**364,618**	**364,618**	
Other Operating Expense	**16,902**	**16,902**	
HISTORICAL MARKER PROGRAM			
Total Operating Expense			**35,000**
FOR THE COMMISSION ON PROPRIETARY EDUCATION			
Personal Services	**389,349**	**389,349**	
Other Operating Expense	**37,175**	**37,175**	

SECTION 10. [EFFECTIVE JULY 1, 2003]

DISTRIBUTIONS

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation

FOR THE PROPERTY TAX REPLACEMENT FUND BOARD

Property Tax Replacement Fund (IC 6-1.1-21)		
Total Operating Expense	**1,933,744,068**	**2,048,400,451**

Adjustments may be made to this appropriation under IC 6-1.1-21-4.

FOR THE FAMILY AND SOCIAL SERVICES ADMINISTRATION

WELFARE TAX LEVY REPLACEMENT FUND

From the General Fund		
Total Operating Expense	**27,522,204**	**27,522,204**
From Excise and Financial Institution Taxes		
Total Operating Expense	**6,063,529**	**6,063,529**
Augmentation allowed.		
From Child Support Collections		
Total Operating Expense	**2,000,000**	**2,000,000**
Augmentation allowed.		

SECTION 11. [EFFECTIVE JULY 1, 2003]

The following allocations of federal funds are available for vocational and technical education under the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301, et seq. for Vocational and Technical Education) (20 U.S.C. 2371 for Tech Prep Education). These funds shall be received by the department of workforce development, commission on vocational and technical education, and shall be allocated by the budget agency after consultation with the commission on vocational and technical education, the department of education, the commission for higher education, and the department of correction. Funds shall be allocated to these agencies in accordance with the allocations specified below:

ADMINISTRATION		
	494,923	**494,923**
STATE PROGRAMS AND LEADERSHIP		
	2,664,322	**2,664,322**
SECONDARY VOCATIONAL PROGRAMS		
	14,931,111	**14,931,111**
POSTSECONDARY VOCATIONAL PROGRAMS		
	8,552,863	**8,552,863**
TECHNOLOGY - PREPARATION EDUCATION		
	2,499,812	**2,499,812**
CAREER RESOURCE NETWORK STATE GRANTS		
	150,963	**150,963**

SECTION 12. [EFFECTIVE JULY 1, 2003]

In accordance with IC 20-1-18.3, the budget agency, with the advice of the commission on vocational and technical education and the budget committee, may augment or reduce an allocation of federal funds made under SECTION 11 of this act.

SECTION 13. [EFFECTIVE JULY 1, 2003]

Utility bills for the month of June, travel claims covering the period June 16 to June 30, payroll for the period of the last half of June, any interdepartmental bills for supplies or services for the month of June, and any other miscellaneous expenses incurred during the period June 16 to June 30 shall be charged to the appropriation for the succeeding year. No interdepartmental bill shall be recorded as a refund of expenditure to any current year allotment account for supplies or services rendered or delivered at any time during the preceding June period.

SECTION 14. [EFFECTIVE JULY 1, 2003]

The budget agency, under IC 4-10-11, IC 4-12-1-13, and IC 4-13-1, in cooperation with the Indiana department of administration, may fix the amount of reimbursement for traveling expenses (other than transportation) for travel within the limits of Indiana. This amount may not exceed actual lodging and miscellaneous expenses incurred. A person in travel status, as defined by the state travel policies and procedures established by the Indiana department of administration and the budget agency, is entitled to a meal allowance not to exceed during any twenty-four (24) hour period the standard meal allowances established by the federal Internal Revenue Service.

All appropriations provided by this act or any other statute, for traveling and hotel expenses for any department, officer, agent, employee, person, trustee, or commissioner, are to be used only for travel within the state of Indiana, unless those expenses are incurred in traveling outside the state of Indiana on trips that previously have received approval as required by the state travel policies and procedures established by the Indiana department of administration and the budget agency. With the required approval, a reimbursement for out-of-state travel expenses may be granted in an amount not to exceed actual lodging and miscellaneous expenses incurred. A person in travel status is entitled to a meal allowance not to exceed during any twenty-four (24) hour period the standard meal allowances established by the federal Internal Revenue Service for properly approved travel within the continental United States and a minimum of $50 during any twenty-four (24) hour period for properly approved travel outside the continental United States. However, while traveling in Japan, the minimum meal allowance shall not be less than $90 for any twenty-four (24) hour period. While traveling in Korea and Taiwan, the minimum meal allowance shall not be less than $85 for any twenty-four (24) hour period; while traveling in Singapore, China, Great Britain, Germany, the Netherlands, and France, the minimum meal allowance shall not be less than $65 for any twenty-four (24) hour period.

In the case of the state supported institutions of postsecondary education, approval for out-of-state travel may be given by the chief executive officer of the institution, or the chief executive officer's authorized designee, for the chief executive officer's respective personnel.

Before reimbursing overnight travel expenses, the auditor of state shall require documentation as prescribed in the state travel policies and procedures established by the Indiana department of administration and the budget agency. No appropriation from any fund may be construed as authorizing the payment of any sum in excess of

the standard mileage rates for personally owned transportation equipment established by the federal Internal Revenue Service when used in the discharge of state business. The Indiana department of administration and the budget agency may adopt policies and procedures relative to the reimbursement of travel and moving expenses of new state employees and the reimbursement of travel expenses of prospective employees who are invited to interview with the state.

SECTION 15. [EFFECTIVE JULY 1, 2003]

Notwithstanding IC 4-10-11-2.1, the salary per diem of members of boards, commissions, and councils who are entitled to a salary per diem is $50 per day. However, members of boards, commissions, or councils who receive an annual or a monthly salary paid by the state are not entitled to the salary per diem provided in IC 4-10-11-2.1.

SECTION 16. [EFFECTIVE JULY 1, 2003]

No payment for personal services shall be made by the auditor of state unless the payment has been approved by the budget agency or the designee of the budget agency.

SECTION 17. [EFFECTIVE JULY 1, 2003]

No warrant for operating expenses, capital outlay, or fixed charges shall be issued to any department or an institution unless the receipts of the department or institution have been deposited into the state treasury for the month. However, if a department or an institution has more than $10,000 in daily receipts, the receipts shall be deposited into the state treasury daily.

SECTION 18. [EFFECTIVE JULY 1, 2003]

In case of loss by fire or any other cause involving any state institution or department, the proceeds derived from the settlement of any claim for the loss shall be deposited in the state treasury, and the amount deposited is hereby reappropriated to the institution or department for the purpose of replacing the loss. If it is determined that the loss shall not be replaced, any funds received from the settlement of a claim shall be deposited into the state general fund.

SECTION 19. [EFFECTIVE JULY 1, 2003]

If an agency has computer equipment in excess of the needs of that agency, then the excess computer equipment may be sold under the provisions of surplus property sales, and the proceeds of the sale or sales shall be deposited in the state treasury. The amount so deposited is hereby reappropriated to that agency for other operating expenses of the then current year, if approved by the director of the budget agency.

SECTION 20. [EFFECTIVE JULY 1, 2003]

If any state penal or benevolent institution other than the Indiana state prison, Pendleton correctional facility, or Putnamville correctional facility shall, in the operation of its farms, produce products, or commodities in excess of the needs of

the institution, the surplus may be sold through the division of industries and farms, the director of the supply division of the Indiana department of administration, or both. The proceeds of any such sale or sales shall be deposited in the state treasury. The amount deposited is hereby reappropriated to the institution for expenses of the then current year if approved by the director of the budget agency. The exchange between state penal and benevolent institutions of livestock for breeding purposes only is hereby authorized at valuations agreed upon between the superintendents or wardens of the institutions. Capital outlay expenditures may be made from the institutional industries and farms revolving fund if approved by the budget agency and the governor.

SECTION 21. [EFFECTIVE JULY 1, 2003]

This act does not authorize any rehabilitation and repairs to any state buildings, nor does it allow that any obligations be incurred for lands and structures, without the prior approval of the budget director or the director's designee. This SECTION does not apply to contracts for the construction or maintenance of roads and bridges, to the acquisition of rights-of-way for roads or bridges, or to the state universities supported in whole or in part by state funds.

SECTION 22. [EFFECTIVE JULY 1, 2003]

If an agency has an annual appropriation fixed by law, and if the agency also receives an appropriation in this act for the same function or program, the appropriation in this act supersedes any other appropriations and is the total appropriation for the agency for that program or function.

SECTION 23. [EFFECTIVE JULY 1, 2003]

The balance of any appropriation or funds heretofore placed or remaining to the credit of any division of the state of Indiana, and any appropriation or funds provided in this act placed to the credit of any division of the state of Indiana, the powers, duties, and functions whereof are assigned and transferred to any department for salaries, maintenance, operation, construction, or other expenses in the exercise of such powers, duties, and functions, shall be transferred to the credit of the department to which such assignment and transfer is made, and the same shall be available for the objects and purposes for which appropriated originally.

SECTION 24. [EFFECTIVE JULY 1, 2003]

The director of the division of procurement of the Indiana department of administration, or any other person or agency authorized to make purchases of equipment, shall not honor any requisition for the purchase of an automobile that is to be paid for from any appropriation made by this act or any other act, unless the following facts are shown to the satisfaction of the commissioner of the department of administration or the commissioner's designee.
(1) In the case of an elected state officer, it shall be shown that the duties of the office require driving about the state of Indiana in the performance of official duty.
(2) In the case of department or commission heads, it shall be shown that the statutory

duties imposed in the discharge of the office require traveling a greater distance than one thousand (1,000) miles each month or that they are subject to official duty call at all times.

(3) In the case of employees, it shall be shown that the major portion of the duties assigned to the employee require travel on state business in excess of one thousand (1,000) miles each month, or that the vehicle is identified by the agency as an integral part of the job assignment. In computing the number of miles required to be driven by a department head or an employee, the distance between the individual's home and office or designated official station is not to be considered as a part of the total. Department heads shall annually submit justification for the continued assignment of each vehicle in their department, which shall be reviewed by the commissioner of the Indiana department of administration, or the commissioner's designee. There shall be an insignia permanently affixed on each side of all state owned cars, designating the cars as being state owned. However, this requirement does not apply to state owned cars driven by elected state officials or to cases where the commissioner of the Indiana department of administration or the commissioner's designee determines that affixing insignia on state owned cars would hinder or handicap the persons driving the cars in the performance of their official duties.

SECTION 25. [EFFECTIVE JULY 1, 2003]

When budget agency approval or review is required under this act, the budget agency may refer to the budget committee any budgetary or fiscal matter for an advisory recommendation. The budget committee may hold hearings and take any actions authorized by IC 4-12-1-11, and may make an advisory recommendation to the budget agency.

SECTION 26. [EFFECTIVE JULY 1, 2003]

The governor of the state of Indiana is solely authorized to accept on behalf of the state any and all federal funds available to the state of Indiana. Federal funds received under this SECTION are appropriated for purposes specified by the federal government, subject to allotment by the budget agency. The provisions of this SECTION and all other SECTIONS concerning the acceptance, disbursement, review, and approval of any grant, loan, or gift made by the federal government or any other source to the state or its agencies and political subdivisions shall apply, notwithstanding any other law.

SECTION 27. [EFFECTIVE JULY 1, 2003]

Federal funds received as revenue by a state agency or department are not available to the agency or department for expenditure until allotment has been made by the budget agency under IC 4-12-1-12(d).

SECTION 28. [EFFECTIVE JULY 1, 2003]

A contract or an agreement for personal services or other services may not be entered into by any agency or department of state government without the approval of the budget agency or the designee of the budget director. Each demand for payment submitted by the agency or department to the auditor of state by claim voucher under such contracts

or agreements shall be accompanied by a copy of the budget agency approval, or approval of any agency to whom the budget agency delegated signature authority, and no payment shall be made by the auditor of state without such approval. This SECTION does not apply to any contract entered into by an agency or department of state government that is the result of a public works project contract under IC 4-13.6.

SECTION 29. [EFFECTIVE JULY 1, 2003]

Except in those cases where a specific appropriation has been made to cover the payments for any of the following, the auditor of state shall transfer, from the personal services appropriations for each of the various agencies and departments, necessary payments for Social Security, public employees' retirement, health insurance, life insurance, and any other similar payments directed by the budget agency.

SECTION 30. [EFFECTIVE JULY 1, 2003]

Subject to SECTION 25 of this act as it relates to the budget committee, the budget agency with the approval of the governor may withhold allotments of any or all appropriations contained in this act for the 2003-2005 biennium, if it is considered necessary to do so in order to prevent a deficit financial situation.

SECTION 31. [EFFECTIVE JULY 1, 2002 (RETROACTIVE)]

The following appropriation is made for FY 2002-2003 in addition to those found in P.L. 291-2001:
From the General Fund
Distribution for Tuition Support $19,400,000

SECTION 32. [EFFECTIVE JULY 1, 2003]

CONSTRUCTION

For the 2003-2005 biennium, the following amounts, from the funds listed as follows, are hereby appropriated to provide for the construction, reconstruction, rehabilitation, repair, purchase, rental, and sale of state properties, capital lease rentals and the purchase and sale of land, including equipment for such properties.

State General Fund - Lease Rentals
237,980,875
State General Fund - Construction
162,463,891
State Police Building Commission Fund (IC 9-1-2-1.5)
3,000,000
Law Enforcement Academy Building Fund (IC 5-2-1-13)
841,000
Cigarette Tax Fund (IC 6-7-1-29.1)
3,700,000
Soldiers' and Sailors' Children's Home Construction Fund (IC 16-33-4-10)
1,000,000

Veterans' Home Construction Fund (IC 10-17-9-9)
4,382,331
Post War Construction Fund (IC 7.1-4-8-1)
38,100,341
Industry and Farm Products Revolving Fund (IC 11-10-6-6)
3,252,207
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)
Regional Health Care Construction Account (IC 4-12-8.5)
2,900,000

TOTAL 457,620,644

The allocations provided under this SECTION are made from the state general fund, unless specifically authorized from other designated funds by this act. The budget agency, with the approval of the governor, in approving the allocation of funds pursuant to this SECTION, shall consider, as funds are available, allocations for the following specific uses, purposes, and projects:

A. GENERAL GOVERNMENT

FOR THE INDIANA SENATE	
Senate Renovations	**250,000**
FOR THE STATE BUDGET AGENCY	
Health and Safety Contingency Fund	**1,600,000**
Indiana University-Purdue University at Fort Wayne - Northeast Indiana Innovation Center	**5,000,000**
Qualitech Lease Payment	**5,717,877**
Heartland Steel Lease Payment	**2,386,515**
Tobacco Master Settlement Agreement Fund (IC 4-12-1-14.3)	
Regional Health Care Construction Account (IC 4-12-8.5)	
State Operated Health Facilities	**2,900,000**
DEPARTMENT OF ADMINISTRATION - PROJECTS	
Preventive Maintenance	**4,811,020**
Repair and Rehabilitation	**4,000,000**
DEPARTMENT OF ADMINISTRATION - LEASES	
IDOA Parking Facilities Capital Lease	**13,222,641**
Indiana Government Center North	**32,486,999**
Indiana Government Center South	**33,882,357**
Indiana State Museum	**12,566,639**
Wabash Valley Correctional Facility	**28,251,175**
Rockville Correctional Facility	**8,665,153**
Miami Correctional Facility	**30,434,507**
Pendleton Juvenile Correctional Facility	**9,416,207**
New Castle Correctional Facility	**18,466,230**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
B. PUBLIC SAFETY			
(1) LAW ENFORCEMENT			
INDIANA STATE POLICE			
State Police Building Commission Fund (IC 9-1-2-1.5)			
Preventive Maintenance			**1,080,050**
Repair and Rehabilitation			**1,919,950**
LAW ENFORCEMENT TRAINING BOARD			
Law Enforcement Academy Building Fund (IC 5-2-1-13)			
Preventive Maintenance			**353,000**
Repair and Rehabilitation			**488,000**
ADJUTANT GENERAL			
Preventive Maintenance			**250,000**
Repair and Rehabilitation			**1,637,900**
(2) CORRECTIONS			
DEPARTMENT OF CORRECTION - PROJECTS			
Repair and Rehabilitation			**516,735**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**1,350,000**
CORRECTIONAL UNITS			
Preventive Maintenance			**420,000**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**10,526,935**
STATE PRISON			
Preventive Maintenance			**1,161,322**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**5,008,595**
PENDLETON CORRECTIONAL FACILITY			
Preventive Maintenance			**996,396**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**2,710,103**
WOMEN'S PRISON			
Preventive Maintenance			**273,000**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**3,375,000**
NEW CASTLE CORRECTIONAL FACILITY			
Preventive Maintenance			**660,660**
PUTNAMVILLE CORRECTIONAL FACILITY			
Preventive Maintenance			**843,022**
Repair and Rehabilitation			**295,713**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**1,896,230**
PLAINFIELD JUVENILE CORRECTIONAL FACILITY			
Preventive Maintenance			**543,947**
Repair and Rehabilitation			**5,136,800**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**979,788**
INDIANAPOLIS JUVENILE CORRECTIONAL FACILITY			
Preventive Maintenance			**325,146**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**1,544,500**
BRANCHVILLE CORRECTIONAL FACILITY			
Preventive Maintenance			**344,870**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**394,650**
WESTVILLE CORRECTIONAL FACILITY			
Preventive Maintenance			**1,191,891**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**2,878,365**
ROCKVILLE CORRECTIONAL FACILITY			
Preventive Maintenance			**344,870**
PLAINFIELD CORRECTIONAL FACILITY			
Preventive Maintenance			**575,751**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**2,321,800**
RECEPTION-DIAGNOSTIC CENTER			
Preventive Maintenance			**216,472**
Post War Construction Fund (IC 7.1-4-8-1)			
Preventive Maintenance			**814,280**
PEN PRODUCTS			
Industry and Farm Products Revolving Fund (IC 11-10-6-6)			
Preventive Maintenance			**110,292**
Modification of CIF Food Processing Plt.			**3,141,915**
CORRECTIONAL INDUSTRIAL FACILITY			
Preventive Maintenance			**520,023**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**1,057,700**
WORK RELEASE CENTERS			
Preventive Maintenance			**100,732**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**70,480**
WABASH VALLEY CORRECTIONAL FACILITY			
Preventive Maintenance			**833,560**
Post War Construction Fund (IC 7.1-4-8-1)			
Repair and Rehabilitation			**3,171,915**
MIAMI CORRECTIONAL FACILITY			
Preventive Maintenance			**521,400**
PENDLETON JUVENILE CORRECTIONAL FACILITY			
Preventive Maintenance			**364,000**
C. CONSERVATION AND ENVIRONMENT			
DEPARTMENT OF NATURAL RESOURCES - GENERAL ADMINISTRATION			
Repair and Rehabilitation			**1,000,000**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
FISH AND WILDLIFE			
Preventive Maintenance			**1,810,863**
Repair and Rehabilitation			**3,372,000**
FORESTRY			
Preventive Maintenance			**1,884,200**
Repair and Rehabilitation			**5,119,650**
HISTORIC SITES			
Preventive Maintenance			**331,586**
Repair and Rehabilitation			**2,000,000**
NATURE PRESERVES			
Preventive Maintenance			**109,200**
Repair and Rehabilitation			**1,093,000**
OUTDOOR RECREATION			
Preventive Maintenance			**33,306**
Repair and Rehabilitation			**575,000**
STATE PARKS AND RESERVOIR MANAGEMENT			
Preventive Maintenance			**1,562,774**
Repair and Rehabilitation			**29,400,000**
Land Acquisition for Prophetstown State Park			**1,000,000**
Cigarette Tax Fund (IC 6-7-1-29.1)			
Preventive Maintenance			**3,700,000**
DIVISION OF WATER			
Preventive Maintenance			**315,000**
Lake Shafer Dredging			**400,000**
Repair and Rehabilitation			**925,000**
ENFORCEMENT			
Preventive Maintenance			**207,480**
Repair and Rehabilitation			**500,000**
STATE MUSEUM			
Preventive Maintenance			**600,000**
OIL AND GAS			
Oil&Gas - Partnership Programs			**200,000**
ENTOMOLOGY			
Repair and Rehabilitation			**200,000**
WAR MEMORIALS COMMISSION			
Preventive Maintenance			**1,421,494**
Repair and Rehabilitation			**2,754,503**
LITTLE CALUMET RIVER BASIN COMMISSION			
Match for Federal Earmarks			**7,000,000**
D. ECONOMIC DEVELOPMENT			
DEPARTMENT OF COMMERCE			
Airport Facilities Lease			**40,513,245**
Aviation Technology			**1,971,330**
E. TRANSPORTATION			

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
AIRPORT DEVELOPMENT			
Airport Development			**1,200,000**

The foregoing allocation for the Indiana department of transportation is for airport development and shall be used for the purpose of assisting local airport authorities and local units of government in matching available federal funds under the airport improvement program and for matching federal grants for airport planning and for the other airport studies. Matching grants of aid shall be made in accordance with the approved annual capital improvements program of the Indiana department of transportation and with the approval of the governor and the budget agency.

GARY/CHICAGO AIRPORT			
Infrastructure Upgrades			**2,000,000**

F. FAMILY AND SOCIAL SERVICES, HEALTH, AND VETERANS' AFFAIRS

(1) FAMILY AND SOCIAL SERVICES ADMINISTRATION

FSSA CONSTRUCTION			
Repair and Rehabilitation			**4,904,468**
EVANSVILLE PSYCHIATRIC CHILDREN'S CENTER			
Preventive Maintenance			**45,632**
Repair and Rehabilitation			**50,000**
EVANSVILLE STATE HOSPITAL			
Preventive Maintenance			**756,756**
Repair and Rehabilitation			**1,629,450**
MADISON STATE HOSPITAL			
Preventive Maintenance			**971,409**
Repair and Rehabilitation			**1,049,110**
LOGANSPORT STATE HOSPITAL			
Preventive Maintenance			**963,144**
Repair and Rehabilitation			**4,697,361**
RICHMOND STATE HOSPITAL			
Preventive Maintenance			**1,210,724**
Repair and Rehabilitation			**1,050,400**
LARUE CARTER MEMORIAL HOSPITAL			
Preventive Maintenance			**1,484,134**
Repair and Rehabilitation			**1,500,000**
FORT WAYNE STATE DEVELOPMENTAL CENTER			
Preventive Maintenance			**1,424,803**
Repair and Rehabilitation			**3,000,000**
MUSCATATUCK STATE DEVELOPMENTAL CENTER			
Preventive Maintenance			**1,257,449**
Repair and Rehabilitation			**1,000,000**

(2) PUBLIC HEALTH

DEPARTMENT OF HEALTH			
Preventive Maintenance			**130,000**

	FY 2003-2004 Appropriation	FY 2004-2005 Appropriation	Biennial Appropriation
SILVERCREST CHILDREN'S DEVELOPMENT CENTER			
Preventive Maintenance			**161,140**
SCHOOL FOR THE BLIND			
Preventive Maintenance			**565,714**
Repair and Rehabilitation			**2,750,000**
SCHOOL FOR THE DEAF			
Preventive Maintenance			**553,120**
Repair and Rehabilitation			**2,881,907**
SOLDIERS' AND SAILORS' CHILDREN'S HOME			
Preventive Maintenance			**350,446**
Repair and Rehabilitation			**1,730,000**
Soldiers' and Sailors' Children's Home Construction Fund (IC 16-33-4-10)			
Repair and Rehabilitation			**1,000,000**

(3) VETERANS' AFFAIRS

INDIANA VETERANS' HOME			
Veterans' Home Construction Fund (IC 10-6-1-9)			
Preventive Maintenance			**697,331**
Repair and Rehabilitation			**3,685,000**

G. EDUCATION

HIGHER EDUCATION

INDIANA UNIVERSITY - TOTAL SYSTEM			
General Repair and Rehab			**10,466,860**
PURDUE UNIVERSITY - TOTAL SYSTEM			
General Repair and Rehab			**8,305,775**
INDIANA STATE UNIVERSITY			
General Repair and Rehab			**2,061,338**
UNIVERSITY OF SOUTHERN INDIANA			
General Repair and Rehab			**400,414**
BALL STATE UNIVERSITY			
General Repair and Rehab			**2,621,019**
VINCENNES UNIVERSITY			
General Repair and Rehab			**1,004,205**
IVY TECH STATE COLLEGE			
General Repair and Rehab			**736,826**

SECTION 33. [EFFECTIVE JULY 1, 2003]

(a) There is appropriated to the budget agency the following sums from the state general fund for the purpose of improving high speed data access and communications capability statewide by linking fiber optic infrastructure to eleven (11) areas around the state (I-Light Fiber Optic System) in the following periods:

(1) For FY 2003-2004, five million dollars ($5,000,000).

(2) For FY 2004-2005, five million dollars ($5,000,000).

(b) In selecting contractors to implement and operate the I-Light Fiber Optic System,

SECTION 35. [EFFECTIVE JULY 1, 2003]
the budget agency shall use a competitive procedure that ensures that the appropriated funds are used in the most efficient and effective manner.
(c) This SECTION expires July 1, 2006.

SECTION 34. [EFFECTIVE UPON PASSAGE]

Notwithstanding the provisions of P.L. 291-2001, any part of the appropriations for the 2001-2003 biennium for the personal services/fringe benefits contingency fund or the employee recruitment and retention fund in excess of $30,000,000 that remains on June 30, 2003 does not revert to the state general fund, but remains available for expenditure.

SECTION 35. [EFFECTIVE JULY 1, 2003]

The budget agency may employ one (1) or more architects or engineers to inspect construction, rehabilitation, and repair projects covered by the appropriations in this act or previous acts designated in this act.

SECTION 36. [EFFECTIVE JULY 1, 2003]

If any part of a construction or rehabilitation and repair appropriation made by this act or any previous acts has not been allotted or encumbered before the expiration of two (2) biennia, the budget agency may determine that the balance of the appropriation is not available for allotment. The appropriation may be terminated and the balance may revert to the fund from which the original appropriation was made.

SECTION 37. [EFFECTIVE UPON PASSAGE]

The budget agency may retain balances in the mental health fund at the end of any fiscal year to ensure there are sufficient funds to meet appropriations for state developmental centers in any subsequent year.

SECTION 38. [EFFECTIVE JULY 1, 2003]

If the budget director makes a determination at any time during either fiscal year of the biennium that the executive branch of state government cannot meet its statutory obligations due to insufficient funds in the state general fund, then notwithstanding IC 4-10-18, the budget agency, with the approval of the governor and after review by the budget committee, may transfer from the counter-cyclical revenue and economic stabilization fund to the state general fund an amount necessary to maintain a positive balance in the state general fund.

SECTION 39. IC 4-15-1.8-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) The department shall do the following:

(1) Develop personnel policies, methods, procedures, and standards for all state agencies.

(2) Formulate, establish, and administer position classification plans and salary and wage schedules, all subject to final approval by the governor.

(3) Allocate positions in the state agencies to their proper classifications.

(4) Approve employees for transfer, demotion, promotion, suspension, layoff, and dismissal.

(5) Rate employees' service.
(6) Arrange with state agency heads for employee training.
(7) Investigate the need for positions in the state agencies.
(8) Promulgate and enforce personnel rules.
(9) Make and administer examinations for employment and for promotions.
(10) Maintain personnel records and a roster of the personnel of all state agencies.
(11) Render personnel services to the political subdivisions of Indiana.
(12) Investigate the operation of personnel policies in all state agencies.
(13) Assist state agencies in the improvement of their personnel procedures.
(14) Conduct a vigorous program of recruitment of qualified and able persons for the state agencies.
(15) Advise the governor and the general assembly of legislation needed to improve the personnel system of this state.
(16) Furnish any information and counsel requested by the governor or the general assembly.
(17) Establish and administer an employee training and career advancement program.
(18) Administer the state personnel law, IC 4-15-2.
(19) Institute an employee awards system designed to encourage all state employees to submit suggestions that will reduce the costs or improve the quality of state agencies.
(20) Survey the administrative organization and procedures, including personnel procedures, of all state agencies, and submit to the governor measures to secure greater efficiency and economy, to minimize the duplication of activities, and to effect better organization and procedures among state agencies.

(b) Salary and wage schedules established by the department under subsection (a) must provide for the establishment of overtime policies, which must include the following:
(1) Definition of overtime.
(2) Determination of employees or classes eligible for overtime pay.
(3) Procedures for authorization.
(4) Methods of computation.
(5) Procedures for payment.
(6) A provision that there shall be no mandatory adjustments to an employee's established work schedule in order to avoid the payment of overtime.

(c) The state personnel advisory board shall advise the director and cooperate in the improvement of all the personnel policies of the state.

(d) By January 1, 1984, the department shall establish programs of temporary appointment for employees of state agencies. A program established under this subsection must contain at least the following provisions:
(1) A temporary appointment may not exceed one hundred eighty (180) working days in any twelve (12) month period.
(2) The department may allow exceptions to the prohibition in subdivision (1) with the approval of the state budget agency.
(3) A temporary appointment in an agency covered by IC 4-15-2 is governed by the procedures of that chapter.
(4) A temporary appointment does not constitute creditable service for purposes of the public employees' retirement program under IC 5-10.2 and IC 5-10.3. However, an employee who served in an intermittent form of temporary employment after June 30, 1986, and before July 1, 2003, shall receive creditable service for the period of temporary employment.

SECTION 40. IC 4-15-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. **Except as provided in IC 4-15-1.8-7(d),** all persons covered on January 1, 1966, by this chapter or coming under the provisions of this chapter after January 1, 1966, shall be eligible

for, shall participate in, and shall receive the benefits of the public employees retirement program as provided by IC 5-10.2 and IC 5-10.3.

SECTION 41. IC 4-30-16-3, AS AMENDED BY P.L.273-1999, SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) The commission shall transfer the surplus revenue in the administrative trust fund as follows:

(1) Before the last business day of January, April, July, and October, the commission shall transfer to the treasurer of state, for deposit in the Indiana state teachers' retirement fund (IC 21-6.1-2), **before July 1, 2005, seven million five hundred thousand dollars ($7,500,000) and after June 30, 2005,** an amount equal to the lesser of:

(A) seven million five hundred thousand dollars ($7,500,000); or

(B) the additional quarterly contribution needed so that the ratio of the unfunded liability of the Indiana state teachers' retirement fund compared to total active teacher payroll is as close as possible to but not greater than the ratio that existed on the preceding July 1.

After June 30, 2003, and before July 1, 2005, the amount deposited in a state fiscal year under this subdivision in the Indiana state teachers' retirement fund (IC 21-6.1-2) shall only be used by the board to reduce the employer contribution rate that school corporations would otherwise pay after June 30, 2003, and before July 1, 2005, to the Indiana state teachers' retirement fund (IC 21-6.1-2), as computed under IC 5-10.2-2 and certified under IC 21-6.1-7-12, for teachers covered by the 1996 account, including a proportionate share of administration expenses for the 1996 account. On or before June 15, **2005, and June 15** of each year **thereafter,** the board of trustees of the Indiana state teachers' retirement fund shall submit to the treasurer of state, each member of the pension management oversight commission, and the auditor of state its estimate of the quarterly amount needed to freeze the unfunded accrued liability of the pre-1996 account (as defined in IC 21-6.1-1-6.9) as a percent of payroll. The estimate shall be based on the most recent actuarial valuation of the fund. Notwithstanding any other law, including any appropriations law resulting from a budget bill (as defined in IC 4-12-1-2), **after June 30, 2005,** the money transferred under this subdivision shall be set aside in a special account to be used as a credit against the unfunded accrued liability of the pre-1996 account (as defined in IC 21-6.1-1-6.9) of the Indiana state teachers' retirement fund. The money transferred is in addition to the appropriation needed to pay benefits for the state fiscal year.

(2) Before the last business day of January, April, July, and October, the commission shall transfer:

(A) two million five hundred thousand dollars ($2,500,000) of the surplus revenue to the treasurer of state for deposit in the "k" portion of the pension relief fund (IC 5-10.3-11); and

(B) five million dollars ($5,000,000) of the surplus revenue to the treasurer of state for deposit in the "m" portion of the pension relief fund (IC 5-10.3-11).

(3) The surplus revenue remaining in the fund on the last day of January, April, July, and October after the transfers under subdivisions (1) and (2) shall be transferred by the commission to the treasurer of state for deposit on that day in the build Indiana fund.

(b) The commission may make transfers to the treasurer of state more frequently than required by subsection (a). However, the number of transfers does not affect the amount that is required to be transferred for the purposes listed in subsection (a)(1) and (a)(2). Any amount transferred during the month in excess of the amount required to be transferred for the purposes listed in subsection (a)(1) and (a)(2) shall be transferred to the build Indiana fund.

SECTION 42. IC 4-33-4-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 21. (a) A licensed owner or any other person must apply for and receive the commission's approval before:

(1) an owner's license is:

(A) transferred;

(B) sold; or

(C) purchased; or

(2) a voting trust agreement or other similar agreement is established with respect to the owner's license.

(b) The commission shall adopt rules governing the procedure a licensed owner or other person must follow to take an action under subsection (a). The rules must specify that a person who obtains an ownership interest in a license must meet the criteria of this article and any rules adopted by the commission. A licensed owner may transfer an owner's license only in accordance with this article and rules adopted by the commission.

(c) A licensed owner or any other person may not:

(1) lease;

(2) hypothecate; or

(3) borrow or loan money against;

an owner's license.

(d) A transfer fee is imposed on a licensed owner who purchases or otherwise acquires a controlling interest, as determined under the rules of the commission, in a second owner's license. The fee is equal to two million dollars ($2,000,000). The commission shall collect and deposit a fee imposed under this subsection in the state general fund.

SECTION 43. IC 4-33-4-22 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 22. (a) The commission may not adopt a rule or resolution limiting the ordinary business hours in which a licensed owner that has implemented flexible scheduling under IC 4-33-6-21 may conduct gambling operations.**

(b) This section may not be construed to limit the commission's power to enforce this article:

(1) under IC 4-33-4-1(a)(6), IC 4-33-4-1(a)(7), or IC 4-33-4-8; or

(2) respond to an emergency, as determined by the commission.

SECTION 44. IC 4-33-6-21, AS ADDED BY P.L.192-2002(ss), SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 21. **(a)** A licensed owner may submit a plan for flexible scheduling to the commission by a date designated by the commission. Upon receipt of an appropriate plan, the commission shall authorize flexible scheduling and the licensed owner shall implement the flexible scheduling plan by the date designated by the commission.

(b) A licensed owner that:

(1) submits a plan for flexible scheduling to the commission may include provisions; or

(2) has implemented a flexible scheduling plan may amend the plan to include provisions; to conduct gambling operations for up to twenty-four (24) hours a day. Upon receipt of a plan or an amendment to a plan concerning operating hours, the commission shall authorize the licensed owner to implement the plan or amendment for the days and hours specified in the plan or amendment. The licensed owner shall implement the provisions related to operating days and hours by the date designated by the commission. If the licensed owner fails or ceases to operate in accordance with the authorized provisions concerning operating days and hours, the commission may rescind the authorization.

SECTION 45. IC 4-33-13-1, AS AMENDED BY P.L.192-2002(ss), SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002 (RETROACTIVE)]: Sec. 1. (a) This section does not apply to a riverboat that has implemented flexible scheduling under IC 4-33-6-21.

(b) **Subject to section 1.5(h) of this chapter,** a tax is imposed on the adjusted gross receipts received from gambling games authorized under this article at the rate of twenty-two and five-tenths percent (22.5%) of the amount of the adjusted gross receipts.

(c) 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.

(d) 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)).

(e) 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.

(f) 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.

SECTION 46. IC 4-33-13-1.5, AS ADDED BY P.L.192-2002(ss), SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002 (RETROACTIVE)]: Sec. 1.5. (a) This section applies only to a riverboat that has implemented flexible scheduling under IC 4-33-6-21.

(b) A graduated tax is imposed on the adjusted gross receipts received from gambling games authorized under this article as follows:

(1) Fifteen percent (15%) of the first twenty-five million dollars ($25,000,000) of adjusted gross receipts received during the period beginning July 1 of each year and ending June 30 of the following year.

(2) Twenty percent (20%) of the adjusted gross receipts in excess of twenty-five million dollars ($25,000,000) but not exceeding fifty million dollars ($50,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(3) Twenty-five percent (25%) of the adjusted gross receipts in excess of fifty million dollars ($50,000,000) but not exceeding seventy-five million dollars ($75,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(4) Thirty percent (30%) of the adjusted gross receipts in excess of seventy-five million dollars ($75,000,000) but not exceeding one hundred fifty million dollars ($150,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(5) Thirty-five percent (35%) of all adjusted gross receipts in excess of one hundred fifty million dollars ($150,000,000).

~~The tax rates imposed under this section apply to adjusted gross receipts received beginning the date flexible scheduling is implemented under IC 4-33-6-21.~~

(c) 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.

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

(e) 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.

(f) 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.

(g) If a riverboat implements flexible scheduling during any part of a period beginning July 1 of each year and ending June 30 of the following year, the tax rate imposed on the adjusted gross receipts received while the riverboat implements flexible scheduling shall be computed as if the riverboat had engaged in flexible scheduling during the entire period beginning July 1 of each year and ending June 30 of the following year.

(h) If a riverboat:

(1) implements flexible scheduling during any part of a period beginning July 1 of each year and ending June 30 of the following year; and

(2) before the end of that period ceases to operate the riverboat with flexible scheduling; the riverboat shall continue to pay a wagering tax at the tax rates imposed under subsection (b) until the end of that period as if the riverboat had not ceased to conduct flexible scheduling.

SECTION 47. IC 4-33-13-5, AS AMENDED BY HEA 1902-2003, SECTION 55 AND AS AMENDED BY HEA 1519-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. 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) The first thirty-three million dollars ($33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by 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:

(i) a city described in IC 4-33-12-6(b)(1)(A); or

(ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or

(B) 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).

(3) Subject to subsection (d), the remainder of the tax revenue remitted by each licensed owner shall be paid to the property tax replacement fund. **In each state fiscal year beginning after June 30, 2003, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the property tax replacement fund in the immediately following month.**

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. 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 as follows:

(1) Thirty-seven and one half percent (37.5%) shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(2) Thirty-seven and one-half percent (37.5%) shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars ($20,000,000), the amount described in this subdivision shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(3) Five percent (5%) shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Ten percent (10%) shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(5) Ten percent (10%) shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve

thousand (12,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(c) For each city and county receiving money under subsection (a)(2)(A) or (a)(2)(C), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat wagering taxes that:

(1) exceeds a particular city or county's base year revenue; and

(2) would otherwise be due to the city or county under this section;

to the property tax replacement fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the property tax replacement fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars ($250,000,000):

(1) Surplus lottery revenues under IC 4-30-17-3.

(2) Surplus revenue from the charity gaming enforcement fund under IC 4-32-10-6.

(3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the property tax replacement fund under subsection (a)(3) to comply with this subsection, the treasurer of state shall reduce the amount transferred to the build Indiana fund to the amount available in the property tax replacement fund from the transfers under subsection (a)(3) for the state fiscal year.

(e) Before August 15 of 2003 and each year thereafter, the treasurer of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection (h), the county auditor shall distribute the money received by the county under this subsection as follows:

(1) To each city located in the county according to the ratio the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(f) Money received by a city, town, or county under subsection (e) or (h) may be used for any of the following purposes:

(1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5);

(2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for additional credits for property tax replacement in property tax increment allocation areas or debt repayment.

(3) To fund sewer and water projects, including storm water management projects.

(4) For police and fire pensions.

(5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) This subsection does not apply to an entity receiving money under IC 4-33-12-6(c). Before September 15 of 2003 and each year thereafter, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year was less than the entity's base year revenue (as determined under IC 4-33-12-6), the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the property tax replacement fund. The amount of the supplemental distribution is equal to the difference between the entity's base year revenue (as determined under IC 4-33-12-6) and the total amount of money distributed to the entity during the preceding state fiscal year under IC 4-33-12-6.

(h) This section applies only to a county containing a consolidated city. The county auditor shall distribute the money received by the county under subsection (d) as follows:

(1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

SECTION 48. [EFFECTIVE JULY 1, 2002 (RETROACTIVE)] **(a) This SECTION applies to the calculation and collection of wagering taxes on the adjusted gross receipts of a riverboat received:**

(1) on or after the date that the riverboat implemented flexible scheduling under IC 4-33-6-21; and

(2) before July 1, 2003.

(b) The definitions in IC 4-33-2 apply throughout this SECTION.

(c) The general assembly does not acquiesce in any interpretation of IC 4-33-13-1.5 and P.L.292-2002(ss), SECTION 205 that excludes adjusted gross receipts of a riverboat received after June 30, 2002, and before the date that the riverboat implemented flexible scheduling under IC 4-33-6-21 from the determination of which wagering tax rate to apply to adjusted gross receipts of the riverboat received on or after the riverboat implemented flexible scheduling under IC 4-33-6-21.

(d) Wagering taxes imposed under IC 4-33-13-1.5 on adjusted gross receipts received on or after the date that the riverboat implemented flexible scheduling under IC 4-33-6-21 must be calculated and deposited using a graduated wagering tax rate selected (as stated in IC 4-33-13-1.5) through a calculation that includes "adjusted gross receipts received during the period beginning July 1 of each year and ending June 30 of the following year".

(e) All penalties and interest otherwise due from a riverboat that underpaid the amount of wagering tax due after June 30, 2002, and before May 1, 2003, as a result of a failure to include

adjusted gross receipts received by the riverboat after June 30, 2002, and before the date that the riverboat implemented flexible scheduling under IC 4-33-6-21 in the determination of which wagering tax rate to apply to adjusted gross receipts received after the riverboat implemented flexible scheduling under IC 4-33-6-21 are waived if the riverboat pays the unpaid balance due in two (2) equal installments on the following dates:

(1) July 1, 2003.

(2) July 1, 2004.

SECTION 49. IC 6-2.5-4-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 4.5. (a) A person is a retail merchant making a retail transaction when the person furnishes rooms or lodgings to another person on a complimentary basis if:**

(1) the rooms or lodgings are furnished for periods of less than thirty (30) days; and

(2) the rooms or lodgings are located in a hotel, motel, inn, tourist camp, tourist cabin, or other place where rooms or lodgings are regularly furnished for consideration.

(b) The state gross retail tax applicable to a retail transaction described in subsection (a) is measured by the amount of gross retail income attributed to the transaction under this subsection. The amount of gross retail income attributed to a retail transaction described in subsection (a) is equal to the amount of gross retail income received by the retail merchant from renting a comparable room or lodging on the date the complimentary room or lodging is provided. The state gross retail tax imposed on a retail transaction described in subsection (a) is six percent (6%) of the gross retail income attributed to the transaction.

SECTION 50. IC 6-2.5-6-15 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 15. A retail merchant described in IC 6-2.5-4-4.5 shall file with each return required under this chapter a report for the reporting period covered by the return. The report must contain the following information:**

(1) The number of rooms or lodgings rented during the reporting period and the total amount of state gross retail taxes remitted with respect to the rooms or lodgings.

(2) The number of complimentary rooms or lodgings provided during the reporting period and the total amount of state gross retail taxes remitted with respect to those rooms or lodgings.

SECTION 51. IC 9-29-3-4, AS AMENDED BY P.L.176-2001, SECTION 18, AND AS AMENDED BY P.L.291-2001, SECTION 182, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) The service charge for each of the first twelve thousand (12,000) vehicle registrations at a license branch each year is

~~*(1)*~~ one dollar and seventy-five cents ($1.75). ~~*during 2002 and 2003; and*~~

~~*(2) one dollar and twenty-five cents ($1.25) during 2004 and thereafter.*~~

(b) The service charge for each of the next thirty-eight thousand (38,000) vehicle registrations at that license branch each year is

~~*(1)*~~ *one dollar and fifty cents ($1.50).* ~~*during 2002 and 2003; and*~~

~~*(2)*~~ ~~one dollar ($1)~~ ~~*during 2004 and thereafter.*~~

(c) The service charge for each additional vehicle registration at that license branch each year is

~~*(1)*~~ one dollar and twenty-five cents ($1.25). ~~*during 2002 and 2003; and*~~

~~*(2) seventy-five cents ($0.75) during 2004 and thereafter.*~~

(d) Fifty cents ($0.50) of each service charge collected under this section during 2002 and 2003 shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.

SECTION 52. IC 9-29-3-6, AS AMENDED BY P.L.176-2001, SECTION 19, AND AS AMENDED BY P.L.291-2001, SECTION 183, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. *(a)* The service charge for each delinquent title is

~~*(1)*~~ two dollars and fifty cents ($2.50). ~~*during 2002 and 2003; and*~~

~~*(2) two dollars ($2) during 2004 and thereafter.*~~

(b) Fifty cents ($0.50) of each service charge collected under subsection (a) ~~during 2002 and 2003~~ shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.

SECTION 53. IC 9-29-3-7, AS AMENDED BY P.L.176-2001, SECTION 20, AND AS AMENDED BY P.L.291-2001, SECTION 184, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. *(a)* The service charge for each transfer of title is

~~(1)~~ one dollar and fifty cents ($1.50). *~~during 2002 and 2003; and~~*

~~(2) one dollar ($1) during 2004 and thereafter.~~

(b) Fifty cents ($0.50) of each service charge collected under subsection (a) ~~during 2002 and 2003~~ shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.

SECTION 54. IC 9-29-3-8, AS AMENDED BY P.L.176-2001, SECTION 21, AND AS AMENDED BY P.L.291-2001, SECTION 185, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. (a) The service charge for each of the first two thousand (2,000) operator's licenses, including motorcycle operator's licenses, issued at a license branch each year is

~~(1)~~ two dollars ($2). *~~during 2002 and 2003; and~~*

~~(2) one dollar and fifty cents ($1.50) during 2004 and thereafter.~~

(b) The service charge for each additional operator's license or motorcycle operator's license issued at that license branch each year is

~~(1)~~ one dollar and fifty cents ($1.50). *~~during 2002 and 2003; and~~*

~~(2) one dollar ($1) during 2004 and thereafter.~~

(c) Fifty cents ($0.50) of each service charge collected under this section ~~during 2002 and 2003~~ shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.

SECTION 55. IC 9-29-3-9, AS AMENDED BY P.L.176-2001, SECTION 22, AND AS AMENDED BY P.L.291-2001, SECTION 186, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9. *(a)* The service charge for each learner's permit, chauffeur's license, or public passenger chauffeur's license is

~~(1)~~ two dollars ($2). *~~during 2002 and 2003; and~~*

~~(2) one dollar and fifty cents ($1.50) during 2004 and thereafter.~~

(b) Fifty cents ($0.50) of each service charge collected under subsection (a) ~~during 2002 and 2003~~ shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.

SECTION 56. IC 9-29-3-10, AS AMENDED BY P.L.176-2001, SECTION 23, AND AS AMENDED BY P.L.291-2001, SECTION 187, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 10. *(a)* The service charge for each temporary motorcycle learner's permit, motorcycle learner's permit, or motorcycle endorsement of an operator's license is

~~(1)~~ one dollar and fifty cents ($1.50). *~~during 2002 and 2003; and~~*

~~(2) one dollar ($1) during 2004 and thereafter.~~

(b) Fifty cents ($0.50) of each service charge collected under subsection (a) ~~during 2002 and 2003~~ shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.

SECTION 57. IC 9-29-3-11, AS AMENDED BY P.L.176-2001, SECTION 24, AND AS AMENDED BY P.L.291-2001, SECTION 188, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 11. *(a)* The service charge for each motorcycle operator endorsement of a chauffeur's license or a public passenger chauffeur's license is

~~(1)~~ one dollar ($1). *~~during 2002 and 2003; and~~*

~~(2) fifty cents ($0.50) during 2004 and thereafter.~~

(b) Fifty cents ($0.50) of each service charge collected under subsection (a) ~~during 2002 and 2003~~ shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.

SECTION 58. IC 9-29-3-12, AS AMENDED BY P.L.176-2001, SECTION 25, AND AS AMENDED BY P.L.291-2001, SECTION 189, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 12. *(a)* The service charge for each replacement license

or permit is

~~(1)~~ one dollar and fifty cents ($1.50). ~~*during 2002 and 2003; and*~~

~~*(2) one dollar ($1) during 2004 and thereafter.*~~

(b) Fifty cents ($0.50) of each service charge collected under subsection (a) ~~*during 2002 and 2003*~~ *shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.*

SECTION 59. IC 9-29-3-14, AS AMENDED BY P.L.176-2001, SECTION 27, AND AS AMENDED BY P.L.291-2001, SECTION 190, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 14. *(a)* The service charge for an identification card issued under IC 9-24 is

~~*(1)*~~ *fifty cents ($0.50) and* one-half (1/2) of each fee collected *as set forth in IC 9-29-9-15.* ~~*plus fifty cents ($0.50) during 2002 and 2003; and*~~

~~*(2) one-half (1/2) of each fee collected as set forth in IC 9-29-9-15 during 2004 and thereafter.*~~

(b) Fifty cents ($0.50) of each service charge collected under subsection (a) ~~*during 2002 and 2003*~~ *shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.*

SECTION 60. IC 9-29-3-18, AS AMENDED BY P.L.176-2001, SECTION 28, AND AS AMENDED BY P.L.291-2001, SECTION 191, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 18. *(a)* The service charge for each duplicate registration card issued under IC 9-18 is

~~*(1)*~~ one dollar and fifty cents ($1.50). ~~*during 2002 and 2003; and*~~

~~*(2) one dollar ($1) during 2004 and thereafter.*~~

(b) Fifty cents ($0.50) of each service charge collected under subsection (a) ~~*during 2002 and 2003*~~ *shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.*

SECTION 61. IC 9-29-15-1, AS AMENDED BY P.L.176-2001, SECTION 30, AND AS AMENDED BY P.L.291-2001, SECTION 193, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) The fee for a certificate of title or a duplicate certificate of title under IC 9-31-2 is

~~*(1)*~~ nine dollars and fifty cents ($9.50). ~~*during 2002 and 2003; and*~~

~~*(2) nine dollars ($9) during 2004 and thereafter.*~~

(b) The fee is distributed as follows:

(1) Seven dollars ($7) to the department of natural resources.

(2) Two dollars and fifty cents ($2.50) to the bureau. ~~*during 2002 and 2003; and two dollars ($2) to the bureau during 2004 and thereafter.*~~

(c) Fifty cents ($0.50) of each fee distributed under subsection (b)(2) ~~*during 2002 and 2003*~~ *shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.*

SECTION 62. IC 9-29-15-4, AS AMENDED BY P.L.176-2001, SECTION 31, AND AS AMENDED BY P.L.291-2001, SECTION 182, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) The fees to register a motorboat under IC 9-31-3 are as follows:

(1) Twelve dollars and fifty cents ($12.50) for a Class 1 motorboat. ~~*during 2002 and 2003; and twelve dollars ($12) for a Class 1 motorboat during 2004 and thereafter.*~~

(2) Fourteen dollars and fifty cents ($14.50) for a Class 2, Class 3, or Class 4 motorboat. ~~*during 2002 and 2003; and fourteen dollars ($14) for a Class 2, Class 3, or Class 4 motorboat during 2004 and thereafter.*~~

(3) Seventeen dollars and fifty cents ($17.50) for a Class 5 motorboat. ~~*during 2002 and 2003, and seventeen dollars ($17) for a Class 5 motorboat during 2004 and thereafter.*~~

(4) Twenty-two dollars and fifty cents ($22.50) for a Class 6 or Class 7 motorboat. ~~*during 2002 and 2003, and twenty-two dollars ($22) for a Class 6 or Class 7 motorboat during 2004 and thereafter.*~~

(b) The department of natural resources receives:

(1) twelve dollars ($12) for a Class 1 motorboat;

(2) fourteen dollars ($14) for a Class 2, Class 3, or Class 4 motorboat;
(3) seventeen dollars ($17) for a Class 5 motorboat; and
(4) twenty-two dollars ($22) for a Class 6 or Class 7 motorboat;
of the fee collected under subsection (a).

(c) Fifty cents ($0.50) of each fee collected under subsection (a) ~~during 2002 and 2003~~ shall be deposited in the state motor vehicle technology fund established by IC 9-29-16-1.

SECTION 63. IC 9-29-16-5, AS ADDED BY P.L.176-2001, SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. The fund consists of the following:

(1) Fifty cents ($0.50) of each service charge or fee collected by license branches ~~during 2002 and 2003~~ under the following:
(A) IC 9-29-3-4.
(B) IC 9-29-3-6
(C) IC 9-29-3-7
(D) IC 9-29-3-8
(E) IC 9-29-3-9
(F) IC 9-29-3-10
(G) IC 9-29-3-11
(H) IC 9-29-3-12
(I) IC 9-29-3-14
(J) IC 9-29-3-18
(K) IC 9-29-15-1
(L) IC 9-29-15-4
(2) Money deposited with the approval of the budget agency in the fund from any part of:
(A) a service fee established under IC 9-29-3-19; or
(B) an increase of a service fee increased under IC 9-29-3-19.
(3) Money received from any other source, including appropriations.

SECTION 64. IC 12-15-1-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 16. (a) Each:
(1) school corporation; or
(2) school corporation's employed, licensed, or qualified provider;
must enroll in a program to use federal funds under the Medicaid program (IC 12-15-1 et seq.) with the intent to share the costs of services that are reimbursable under the Medicaid program and that are provided to eligible children by the school corporation. However, a school corporation or a school corporation's employed, licensed, or qualified provider is not required to file any claims or participate in the program developed under this section.

(b) The office of Medicaid policy and planning and the department of education may develop policies and adopt rules to administer the program developed under this section.

(c) ~~The federal reimbursement for paid claims that are submitted by the school corporations under the program required under this section must be distributed to the school corporations.~~ **Three percent (3%) of the federal reimbursement for paid claims that are submitted by the school corporation under the program required under this section must be:**
(1) distributed to the state general fund for administration of the program; and
(2) used for consulting to encourage participation in the program.
The remainder of the federal reimbursement for services provided under this section must be distributed to the school corporation. The state shall retain the nonfederal share of the reimbursement for Medicaid services provided under this section.

(d) The office of Medicaid policy and planning, with the approval of the budget agency and after consultation with the department of education, shall establish procedures for the timely distribution of federal reimbursement due to the school corporations. The distribution procedures may provide for offsetting reductions to distributions of state tuition support or other state funds to school corporations

in the amount of the nonfederal reimbursements required to be retained by the state under subsection (c).

SECTION 65. [EFFECTIVE UPON PASSAGE] **The office of Medicaid policy and planning shall adopt emergency rules under IC 4-22-2-37.1 to achieve the reductions needed to avoid expenditures exceeding the Medicaid appropriation made by this act in the line item appropriation to the FAMILY AND SOCIAL SERVICES ADMINISTRATION, MEDICAID - CURRENT OBLIGATIONS. To the extent that reductions are made to optional Medicaid services as set forth in 42 U.S.C. 1396 et seq., the reductions may be accomplished on a pro-rata basis with each optional service being reduced by a proportionate amount. However, the reductions may not be made in a manner that results in the elimination of any optional Medicaid service.**

SECTION 66. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.**

(b) As used in this SECTION, "optional Medicaid services" means those services that are set forth in 42 U.S.C. 1396 et seq. as optional and that are included in the state Medicaid plan.

(c) Before August 1, 2003, the office shall apply to the United States Department of Health and Human Services for approval to amend the state Medicaid plan to achieve the reductions in optional Medicaid services that are needed to comply with this act.

(d) The office may not implement the amendment to the state Medicaid plan until the office files an affidavit with the governor attesting that the amendment applied for under this SECTION is in effect. The office shall file the affidavit under this subsection not later than three (3) days after the office is notified that the amendment is approved.

(e) If the office receives approval under this SECTION from the United States Department of Health and Human Services to amend the state Medicaid plan and the governor receives the affidavit filed under subsection (d), the office shall implement the amendment not more than five (5) days after the governor receives the affidavit.

(f) This SECTION expires December 31, 2007.

SECTION 67. [EFFECTIVE JULY 1, 2003] **(a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.**

(b) With the approval of the governor and the budget agency after review by the budget committee, the office may apply to the United States Department of Health and Human Services for an amendment to the Pharmacy Plus Section 115 Demonstration waiver for Phase II of the Indiana prescription drug program established under IC 12-10-16 that would amend the waiver to allow the program to provide services to an individual whose family income does not exceed one hundred eighty-five percent (185%) of the federal income poverty level for the same size family.

(c) The office may not implement the amendment to the waiver until the office files an affidavit with the governor attesting that the amendment to the federal waiver applied for under this SECTION is in effect. The office shall file the affidavit under this subsection not later than five (5) days after the office is notified that the amendment to the waiver is approved.

(d) If the office receives approval to amend the waiver as set forth in subsection (b) from the United States Department of Health and Human Services and the governor receives the affidavit filed under subsection (c), the office shall implement the amendment to the waiver not more than thirty (30) days after the governor receives the affidavit.

(e) The office may adopt rules under IC 4-22-2 necessary to implement this SECTION.

(f) This SECTION expires December 31, 2008.

SECTION 68. [EFFECTIVE UPON PASSAGE] **(a) This SECTION applies to any provider that is reimbursed by the office for goods or services provided to Medicaid recipients.**

(b) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(c) A provider described in subsection (a) shall report to the office all rebates, discounts, and other price concessions that the provider receives from a supplier of goods or services to the provider for goods or services provided to Medicaid recipients.

(d) A provider described in subsection (a) shall submit the information required under this SECTION to the office:

(1) on a quarterly basis, beginning not later than thirty (30) days after the effective date of this SECTION; and

(2) upon request by the office, within forty-five (45) days after the request from the office.

(e) A provider described in subsection (a) shall submit the information required under subsection (d) in the format requested by the office.

(f) The office shall use the information received under this SECTION to determine the appropriate reimbursement for the drug ingredient cost and professional services fee for drugs dispensed by a provider described in subsection (a) to Medicaid recipients.

SECTION 69. [EFFECTIVE JULY 1, 2003] **(a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established under IC 12-8-6-1.**

(b) The office may apply to the United States Department of Health and Human Services for a state Medicaid waiver that would require specified Medicaid recipients of a county to enroll in the Medicaid risk-based managed care program. The office may apply for a waiver under this SECTION for any county that the office determines that required Medicaid recipient participation in the risk-based managed care program would be feasible and cost effective.

(c) The office may not implement a waiver applied for under this SECTION and that is approved by the United States Department of Health and Human Services until the office files an affidavit with the governor attesting that the federal waiver applied for under this SECTION is in effect. The office shall file the affidavit under this subsection not later than five (5) days after the office is notified that a waiver is approved.

(d) If the office receives approval from the United States Department of Health and Human Services for a waiver applied for under this SECTION and the governor receives the affidavit filed under subsection (c), the office shall implement the waiver not more than sixty (60) days after the governor receives the affidavit.

(e) The office may adopt rules under IC 4-22-2 necessary to implement this SECTION.

(f) This SECTION expires December 31, 2008.

SECTION 70. [EFFECTIVE UPON PASSAGE] **(a) As used in this SECTION, "high Medicaid utilization nursing facility" means the smallest number of those nursing facilities with the greatest number of Medicaid patient days for which it is necessary to assess a lower quality assessment to satisfy the statistical test set forth in 42 CFR 433.68(e)(2)(ii).**

(b) As used in this SECTION, "nursing facility" means a health facility that is:

(1) licensed under IC 16-28 as a comprehensive care facility; and

(2) certified for participation in the federal Medicaid program under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.).

(c) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(d) As used in this SECTION, "total annual revenue" does not include revenue from Medicare services provided under Title XVIII of the federal Social Security Act (42 U.S.C. 1395 et seq.).

(e) Effective August 1, 2003, the office shall collect a quality assessment from each nursing facility that has:

(1) a Medicaid utilization rate of at least twenty-five percent (25%); and

(2) at least seven hundred thousand dollars ($700,000) in annual Medicaid revenue, adjusted annually by the average annual percentage increase in Medicaid rates.

(f) The money collected from the quality assessment may be used only to pay the state's share

of the costs for Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.) as follows:

(1) Twenty percent (20%) as determined by the office.

(2) Eighty percent (80%) to nursing facilities.

(g) The office may not begin collection of the quality assessment set under this SECTION before the office calculates and begins paying enhanced reimbursement rates set forth in this SECTION.

(h) If federal financial participation becomes unavailable to match money collected from the quality assessments for the purpose of enhancing reimbursement to nursing facilities for Medicaid services provided under Title XIX of the federal Social Security Act (42 U.S.C. 1396 et seq.), the office shall cease collection of the quality assessment under the SECTION.

(i) The office shall adopt rules under IC 4-22-2 to implement this act.

(j) Not later than July 1, 2003, the office shall do the following:

(1) Request the United States Department of Health and Human Services under 42 CFR 433.72 to approve waivers of 42 CFR 433.68(c) and 42 CFR 433.68(d) by demonstrating compliance with 42 CFR 433.68(e)(2)(ii).

(2) Submit any state Medicaid plan amendments to the United States Department of Health and Human Services that are necessary to implement this SECTION.

(k) After approval of the waivers and state Medicaid plan amendment applied for under subsection (j), the office shall implement this SECTION effective July 1, 2003.

(l) The select joint commission on Medicaid oversight, established by IC 2-5-26-3, shall review the implementation of this SECTION. The office may not make any change to the reimbursement for nursing facilities unless the select joint commission on Medicaid oversight recommends the reimbursement change.

(m) A nursing facility may not charge the nursing facility's residents for the amount of the quality assessment that the nursing facility pays under this SECTION.

(n) This SECTION expires August 1, 2004.

SECTION 71. IC 12-15-8.5-2, AS ADDED BY P.L.178-2002, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. **(a)** Subject to section 10 of this chapter, 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 a medical institution and return home, the office may obtain a lien on the Medicaid recipient's real property for the cost of all Medicaid expenditures made on behalf of the recipient.

(b) The office shall conduct a look back (as described in 42 U.S.C. 1396p(c)) of a Medicaid recipient's property of at least three (3) years.

(c) A lien obtained under this chapter is subordinate to the security interest of a financial institution that loans money to be used as operating capital for the operation of a farm, a business, or income producing real property.

SECTION 72. IC 12-15-8.5-3, AS ADDED BY P.L.178-2002, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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 has an ownership interest in the home and who has lived in the home continuously beginning at least twelve (12) months before the recipient was admitted to the medical institution.

(4) The Medicaid recipient's parent.

~~(5) An individual, other than a paid caregiver, who:~~

~~(A) was continuously residing in the recipient's home for a period of at least two (2) years immediately prior to the date of the recipient's admission to the nursing facility; and~~

~~(B) establishes to the satisfaction of the office that the person provided care to the recipient enabling the recipient to reside in the recipient's home rather than in a medical institution.~~

SECTION 73. IC 12-15-8.5-6, AS ADDED BY P.L.178-2002, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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) gives a specific lien in favor of the office on the Medicaid recipient's interest in the real property.

(b) The lien continues from the date of filing the lien until the lien:

(1) is satisfied; **or**

(2) is released. ~~or~~

~~(3) expires.~~

SECTION 74. IC 12-15-8.5-7, AS ADDED BY P.L.178-2002, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. The office may bring proceedings in foreclosure on a lien arising under this chapter:

(1) during the lifetime of the Medicaid recipient if the Medicaid recipient or a person acting on behalf of the Medicaid recipient sells the property; or

(2) upon the death of the Medicaid recipient.

The lien automatically expires unless the office commences a foreclosure action not later than ~~nine (9) months~~ **two (2) years** after the Medicaid recipient's death.

SECTION 75. IC 12-15-8.5-8, AS ADDED BY P.L.178-2002, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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.~~

~~(3) The recipient's parent.~~

~~(b)~~ The office may not enforce a lien **against a Medicaid recipient's home** 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.

SECTION 76. IC 12-15-8.5-9, AS ADDED BY P.L.178-2002, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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) is no longer living in the medical institution; and

(2) ~~is living in the~~ **has returned** home **to live.**

(b) The county recorder shall waive the filing fee for the filing of a release made under this section.

(c) If the property subject to the lien is sold, the office shall release its lien at the closing, and the lien shall attach to the net proceeds of the sale.

SECTION 77. IC 12-15-8.5-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 12. (a) A lien under this chapter is void if both of the following occur:**

(1) The owner of property subject to a lien under this chapter or any person or corporation having an interest in the property, including a mortgagee or a lienholder, provides written notice to the office to file an action to foreclose the lien.

(2) The office fails to file an action to foreclose the lien in the county where the property is located not later than thirty (30) days after receiving the notice.

However, this section does not prevent the claim from being collected as other claims are collected by law.

(b) A person who gives notice under subsection (a)(1) by registered or certified mail to the office at the address given in the recorded statement and notice of intention to hold a lien may file an affidavit of service of the notice to file an action to foreclose the lien with the recorder of the county in which the property is located. The affidavit must state the following:

(1) The facts of the notice.

(2) That more than thirty (30) days have passed since the notice was received by the office.

(3) That no action for foreclosure of the lien is pending.

(4) That no unsatisfied judgment has been rendered on the lien.

(c) The recorder shall:

(1) record the affidavit of service in the miscellaneous record book of the recorder's office; and

(2) certify on the face of the record any lien that is fully released.

When the recorder records the affidavit and certifies the record under this subsection, the real estate described in the lien is released from the lien.

SECTION 78. IC 12-15-9-0.5, AS AMENDED BY P.L.178-2002, SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 0.5. (a) As used in this chapter, "estate" includes:

(1) all real and personal property and other assets included within an individual's probate estate;

(2) any interest in real property owned by the individual at the time of death that was conveyed to the individual's survivor through joint tenancy with right of survivorship, if the joint tenancy was created after June 30, 2002; and

(3) any real or personal property conveyed through a nonprobate transfer.

(b) As used in this chapter, "nonprobate transfer" means a valid transfer, effective at death, by a transferor:

(1) whose last domicile was in Indiana; and

(2) who immediately before death had the power, acting alone, to prevent transfer of the property by revocation or withdrawal and:

(A) use the property for the benefit of the transferor; or

(B) apply the property to discharge claims against the transferor's probate estate.

The term does not include transfer of a survivorship interest in a tenancy by the entireties real estate ~~transfer of a life insurance policy or annuity,~~ or payment of the death proceeds of a life insurance policy. ~~or annuity.~~

SECTION 79. IC 12-15-9-0.7, AS ADDED BY P.L.178-2002, SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 0.7. (a) This section applies only to real property owned by the individual at the time of death that was conveyed to the individual's survivor through joint tenancy with right of survivorship.

(b) The office may enforce its claim against **any** property described in subsection (a) only to the extent that the value of the recipient's combined total interest in all real property described in subsection (a) subject to the claim exceeds ~~one hundred twenty-five thousand dollars ($125,000).~~ **seventy-five thousand dollars ($75,000).**

(c) This section expires January 1, 2008.

SECTION 80. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2003]: IC 12-15-8.5-10; IC 12-15-8.5-11.

SECTION 81. IC 12-15-8-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. The office shall pay attorney's fees in the amount of one (1) of the following:

(1) ~~Twenty-five~~ **Seven and five-tenths** percent ~~(25%)~~ **(7.5%)** of the office's recovery under the lien if the claim was collected without initiating legal proceedings.

(2) ~~Thirty-three and one-third~~ **Ten** percent ~~(33 1/3%)~~ **(10%)** of the office's recovery under the lien if the claim was collected by initiating legal proceedings.

SECTION 82. IC 12-15-37-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 7. The office and the state department of health may collaborate with the American Heart Association to reduce the cost of stroke treatment and improve the outcome of stroke patients in the state. The collaboration may include the following:**

(1) The development and implementation of a comprehensive statewide public education program on stroke prevention that is targeted at high-risk populations and at geographical areas that have a high incidence of stroke.

(2) The recommendation and dissemination of guidelines on the treatment of stroke patients, including emergency stroke care.

(3) The development of a program that would ensure that the public and health care providers are informed concerning the most effective stroke prevention strategies.

(4) The dissemination of information concerning public and private grant opportunities available for hospitals and providers of emergency medical services for the purposes of improving stroke patient care.

SECTION 83. IC 12-15-14.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 14.5. Supplemental Payments to Ambulance Transportation Service Providers

Sec. 1. This chapter applies to a Medicaid provider that receives reimbursement from the office during a state fiscal year for providing ambulance transportation services.

Sec. 2. (a) Subject to section 6 of this chapter, for each state fiscal year beginning July 1, 2003, an ambulance transportation service provider may receive reimbursement under this chapter that is in addition to the following reimbursement:

(1) Reimbursement under this article.

(2) The state plan for medical assistance.

(3) Rules and policies adopted by the office to provide ambulance transportation services.

(b) Any additional reimbursement allowed under subsection (a) is subject to the approval by the United States Department of Health and Human Services to an amendment of the state Medicaid plan.

Sec. 3. The office shall:

(1) develop a schedule for payments made under this chapter; and

(2) make a payment under this chapter in accordance with the schedule.

Sec. 4. (a) Except as provided in subsection (b), the office shall calculate and make a payment under this chapter in an amount equal to the amount calculated in STEP SIX of the following formula:

STEP ONE: The office shall identify a Medicaid provider described in section 1 of this chapter that received reimbursement for ambulance transportation services during a time

frame determined by the office.

STEP TWO: For each Medicaid provider described in STEP ONE, the office shall identify the ambulance transportation services for which the Medicaid provider was reimbursed.

STEP THREE: For each Medicaid provider described in STEP ONE, the office shall calculate the reimbursement paid to the Medicaid provider for the ambulance transportation services identified under STEP TWO.

STEP FOUR: For each Medicaid provider described in STEP ONE, the office shall calculate the Medicaid provider's usual and customary charges for each of the Medicaid provider's services identified under STEP TWO.

STEP FIVE: For each Medicaid provider described in STEP ONE, the office shall subtract an amount equal to the reimbursement calculation for each of the ambulance transportation services under STEP THREE from an amount equal to the amount calculated for each of the ambulance transportation services under STEP FOUR.

STEP SIX: For each Medicaid provider described in STEP ONE, the office shall calculate the sum of each of the amounts calculated for each ambulance transportation services under STEP FIVE.

(b) For any Medicaid provider described in STEP ONE of subsection (a), the office may decline to base the calculations under STEP FOUR of subsection (a) on the Medicaid provider's usual and customary charges if the office determines a formula or criteria that will increase the amount calculated for the provider under STEP SIX of subsection (a).

Sec. 5. The office shall establish a methodology for calculating a provider's usual and customary charges for purpose of STEP FOUR of the formula in section 4(a) of this chapter.

Sec. 6. (a) A Medicaid provider that receives reimbursement from the office during a state fiscal year for ambulance transportation services is eligible for payment under this chapter only if an intergovernmental transfer under this section is made by the provider or on behalf of the provider to the office.

(b) The amount of the intergovernmental transfer under subsection (a) must be an amount of at least eighty-five percent (85%) of the amount calculated for the provider under STEP SIX of section 4 of this chapter.

Sec. 7. A Medicaid provider that receives reimbursement from the office during a state fiscal year for ambulance transportation services may appeal under IC 4-21.5 the amount determined by the office to be paid to the Medicaid provider under STEP SIX of section 4 of this chapter.

Sec. 8. The office shall determine the services to be considered ambulance transportation services under this chapter. The services must at least include the following:

(1) Air.

(2) Basic life support services.

(3) Advanced life support services.

SECTION 84. IC 6-1.1-18-3, AS AMENDED BY P.L.90-2002, SECTION 160, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents ($0.4167) on each one hundred dollars ($100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents ($0.6667) on each one hundred dollars ($100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of

the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(8) To meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1).

(c) Except as otherwise provided in IC 6-1.1-19 or IC 6-1.1-18.5, a county board of tax adjustment, a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 85. IC 6-1.1-18.5-9.7, AS AMENDED BY P.L.273-1999, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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) IC 12-19-5.

(3) IC 12-19-7.

(4) **IC 12-19-7.5.**

(5) 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 86. IC 6-1.1-18.6-1.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1.1. As used in this chapter:

(1) "county family and children property tax levy for an ensuing calendar year" means the total property taxes imposed by a county under the authority of IC 12-19-7 that are to be collected and deposited in the family and children's fund during the ensuing calendar year; **and**

(2) "county children's psychiatric residential treatment services property tax levy for an ensuing calendar year" means the total property taxes imposed by a county under the authority of IC 12-19-7.5 that are to be collected and deposited in the county children's psychiatric residential treatment services fund during the ensuing calendar year.

SECTION 87. IC 6-1.1-18.6-2.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 2.2. A county may not impose a county children's psychiatric residential treatment services 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) the maximum county children's psychiatric residential treatment services 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 88. IC 6-1.1-18.6-4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 4. (a) A county may increase its maximum county children's psychiatric residential treatment services 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's psychiatric residential treatment services during the ensuing calendar year. The maximum increase that the county fiscal body may recommend for a county may not exceed:**

(1) the county's expected obligations under IC 12-19-7.5 for the ensuing calendar year; minus

(2) the portion of the county children's psychiatric residential treatment services property tax levy for the year preceding the ensuing calendar year that was available to pay obligations under IC 12-19-7.5.

(b) In making its recommendation, the county fiscal body shall consider the county's estimate of expected obligations under IC 12-19-7.5 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 89. IC 6-1.1-29-9, AS AMENDED BY P.L.273-1999, SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9. (a) A county council may adopt an ordinance to abolish the county board of tax adjustment. This ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-19, IC 12-19-7, **IC 12-19-7.5,** IC 21-2-14, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax adjustment under IC 6-1.1-17.

(b) The time requirements set forth in IC 6-1.1-17 govern all filings and notices.

(c) A tax rate, tax levy, or budget that otherwise would be reviewed by the county board of tax adjustment is considered and must be treated for all purposes as if the county board of tax adjustment approved the tax rate, tax levy, or budget. This includes the notice of tax rates that is required under IC 6-1.1-17-12.

SECTION 90. IC 12-19-5-1, AS AMENDED BY P.L.273-1999, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) In addition to the other method of welfare financing provided by this article, the county director may appeal for the right to borrow money on a short term basis to fund:

(1) child services under IC 12-19-7-1; ~~or~~

(2) children's psychiatric residential treatment services under IC 12-19-7.5; or

(3) other welfare services in the county;

if the county director determines that the family and children's fund **or the children's psychiatric residential treatment services fund** will be exhausted before the end of a fiscal year.

(b) In an appeal under this section, the county director must show the following:

(1) That the amount of money in the family and children's fund **or the children's psychiatric residential treatment services fund** will be insufficient to fund the appropriate services within the county under this article.

(2) The amount of money that the county director estimates will be needed to fund that deficit.

(c) The county director shall immediately transmit an appeal under this section to the director.

SECTION 91. IC 12-19-5-9, AS AMENDED BY P.L.273-1999, SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9. The division or a county fiscal body may not do the following:

(1) Recommend or approve a request to borrow money made under this chapter unless the body determines that the family and children's fund **or the children's psychiatric residential treatment services fund** will be exhausted before the particular fund can fund all county obligations incurred under this article.

(2) Recommend or approve a loan that will exceed the amount of the estimated deficit.

SECTION 92. IC 12-19-7.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 7.5. County Financing of Children's Psychiatric Residential Treatment Services for Medicaid Eligible Children

Sec. 1. As used in this chapter, "children's psychiatric residential treatment services" means services that are:

(1) eligible for federal financial participation under the state Medicaid plan; and

(2) provided to individuals less than twenty-one (21) years of age who are:

(A) eligible for services under the state Medicaid plan;

(B) approved by the office for admission to and treatment in a private psychiatric residential treatment facility; and

(C) residing in a private psychiatric residential facility for the purposes of treatment for a mental health condition, based on an approved treatment plan that complies with applicable federal and state Medicaid rules and regulations.

Sec. 2. As used in this chapter, "fund" means the children's psychiatric residential treatment services fund established by section 5 of this chapter.

Sec. 3. As used in this chapter, "private psychiatric residential treatment facility" means a privately owned and operated facility that:

(1) provides inpatient treatment to individuals less than twenty-one (21) years of age for mental health conditions;

(2) is licensed or certified by:

(A) the division of family and children; or

(B) the division of mental health and addiction;

to provide children's psychiatric residential treatment services; and

(3) is enrolled in the state Medicaid program as a provider eligible to provide children's psychiatric residential treatment services.

Sec. 4. As used in this chapter, "state Medicaid plan" means the state plan approved by the United States Department of Health and Human Services for purposes of federal financial participation, under Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

Sec. 5. (a) A children's psychiatric residential treatment services fund is established in each county. The fund shall be raised by a separate tax levy (the county children's psychiatric residential treatment services property tax levy) that:

(1) is in addition to all other tax levies authorized; and

(2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items, awards, claims, allowances, assistance, and other expenses set forth in the annual budget under section 8 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected.

(c) The following shall be paid into the county treasury and constitute the children's psychiatric residential treatment services fund:

(1) All receipts from the tax imposed under this section.

(2) All grants-in-aid, whether received from the federal government or state government.

(3) Any other money required by law to be placed in the fund.

(d) The fund is available for the purpose of paying expenses and obligations set forth in the

annual budget that is submitted and approved.

Sec. 6. (a) For taxes first due and payable in 2004, each county must impose a county children's psychiatric residential services 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 2000, 2001, and 2002 for payments to facilities licensed under 470 IAC 3-13 for services that were made on behalf of the children and for which payment was made from the county family and children fund, or five percent (5%) of the average family and children budget, as determined by the department of local government finance in 2000, 2001, and 2002, whichever is greater.

STEP TWO: Subtract from the amount determined in STEP ONE the sum of the miscellaneous taxes that were allocated to the county family and children fund and used to pay the costs for providing services in facilities licensed under 470 IAC 3-13 in 2000, 2001, and 2002.

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 2002 expenses only.

STEP FIVE: Adjust the amounts determined in STEP THREE and STEP FOUR by the amount determined by the department of local government finance 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 assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for property taxes first due and payable in 2003.

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 2004, as determined under IC 6-1.1-18.5-2.

(b) For taxes first due and payable in each year after 2004, each county shall impose a county children's psychiatric residential treatment services property tax levy equal to the product of:

(1) the county children's psychiatric residential treatment services 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 2004, the department of local government finance shall adjust the levy for each county to reflect the county's actual expenses incurred in providing services to children in facilities licensed under 470 IAC 3-13 in 2000, 2001, and 2002. In making this adjustment, the department of local government finance may consider all relevant information, including the county's use of bond and loan proceeds to pay these expenses.

(d) The department of 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.

Sec. 7. For taxes first due and payable in 2004, the department of local government finance shall reduce the maximum levy for the county family and children fund or the county general fund (in whatever amounts are appropriate) by an amount equal to the result in section 6(a) of this chapter.

Sec. 8. (a) For purposes of this section, "expenses and obligations incurred by the county office" include all anticipated costs of children's residential psychiatric services that are equal to the state share of the cost of those services that are reimbursable under the state Medicaid plan.

(b) The county director, upon the advice of the judges of the courts with juvenile jurisdiction in the county, shall annually compile and adopt a children's psychiatric residential treatment services budget, which must be in a form prescribed by the state board of accounts. The budget may not exceed the levy limitation set forth in IC 6-1.1-18.6.

(c) 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 children's psychiatric residential treatment services for children who are residents of the county.

Sec. 9. (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 8 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 levy limitation set forth in IC 6-1.1-18.

(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 children's psychiatric residential treatment services for the next fiscal year; and

(2) the tax levy recommended will yield the amount of the appropriation set forth in the budget.

Sec. 10. The division may do the following after examining a budget submitted by the county office:

(1) Increase or decrease the amount of the budget or an item of the budget, subject to the maximum levy set forth in IC 6-1.1-18.6.

(2) Approve the budget as compiled by the county director and judges of courts with juvenile jurisdiction in the county.

(3) Recommend the increase or decrease of the tax levy, subject to the maximum levy set forth in IC 6-1.1-18.6.

(4) Approve the tax levy as recommended by the county director and judges of courts with juvenile jurisdiction in the county.

Sec. 11. The budget finally approved and the tax levy recommended by the division shall be:

(1) certified to the county office; and

(2) filed for consideration by the county fiscal body.

Sec. 12. Except as otherwise provided, a budget submitted under section 11 of this chapter must be prepared and filed in the same form and manner and at the same time as the budgets and estimates of other county officers are prepared and filed.

Sec. 13. 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 children's psychiatric residential treatment services fund that are:

(A) based on the budget as submitted; and

(B) necessary to maintain the children's psychiatric residential treatment 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.

Sec. 14. (a) If at any time the county director determines that the children's psychiatric residential treatment services fund is exhausted or will be exhausted before the close of a fiscal year, the county director shall prepare an estimate and statement showing the amount of money, in addition to the money already made available, that will be necessary to defray the expenses of the county office and pay the obligations of the county office, excluding administrative expenses and facilities, supplies, and equipment expenses for the county office, in the administration of the county office's activities for the unexpired part of the fiscal year.

(b) The county director shall do the following:

(1) Certify the estimate and statement to the county executive.

(2) File the estimate and statement with the county auditor.

Sec. 15. (a) The county executive shall consider and act upon an estimate and statement under section 14 of this chapter at:

(1) the county executive's regular session immediately following the filing of the estimate and statement; or

(2) a special session that is:

(A) called for the purpose of considering and acting upon the estimate and statement; and

(B) called before the executive's regular session described in subdivision (1).

(b) The county executive shall, for and on behalf of the county, borrow sufficient money to carry out the purposes described in section 14 of this chapter if after consideration of the estimate and statement the county executive finds the following:

(1) That the county director has not appealed to borrow money under IC 12-19-5 or that the appeal has been denied.

(2) That the amount of money required, in addition to any money already available, to defray the expenses and pay the obligations of the county office in the administration of the county's children's psychiatric residential treatment services for the unexpired part of the fiscal year is greater than the amount of money that may be advanced from the general fund of the county.

Sec. 16. (a) Before making a loan under section 15 of this chapter, the county executive shall record a finding that the amount of money that will be required is greater than the amount of money that may be advanced from the general fund of the county. The finding must:

(1) set forth the estimated requirements of the county office; and

(2) direct the county auditor to call the county fiscal body into special session for the purpose of considering the making of the loan.

(b) In the notice of the special session of the county fiscal body, the auditor shall include a statement of the estimated amount of the proposed loan.

Sec. 17. (a) In authorizing a loan under section 15 of this chapter, the county fiscal body:

(1) shall act by ordinance; and

(2) may adopt the ordinance under this section at a regular meeting without giving special notice if requested by the county executive.

(b) The county fiscal body may:

(1) finally adopt the ordinance at the meeting at which the ordinance is first presented; or

(2) adjourn from day to day for further consideration of the ordinance.

(c) The county fiscal body is not required to make an itemized appropriation of the proceeds of the bonds at the time the bonds are issued. Except as provided in section 26 of this chapter, the entire proceeds of the bonds:

(1) shall be placed in the children's psychiatric residential treatment services fund; and

(2) are periodically subject to appropriation as required by this article.

Sec. 18. An ordinance adopted by the county fiscal body authorizing a loan under this chapter must do the following:

(1) Authorize the issuance of the bonds of the county to evidence the loan.

(2) Fix the following:

(A) The loan's maximum amount, which may be less than the amount shown by the estimate of the county director.

(B) The number of semiannual series in which the bonds are payable, which may not exceed twenty (20).

Sec. 19. The following apply to bonds issued under this chapter:

(1) The bonds shall be issued so that one (1) series will be payable June 30 and one (1) series December 31 of each year in which bonds are payable.

(2) The series must be as nearly equal as possible, considering the following:

(A) The amount of the issue.

(B) The number of serial maturities.

(C) The denominations to be used.

(3) The first series of bonds and the first interest payments must be payable June 30 of the year following the establishing of the annual tax levies immediately following the date of the issue.

(4) The county fiscal body may provide that the first two (2) series of bonds mature in the year following the year in which the bonds were issued if:

(A) issuance of the bonds is authorized by the county fiscal body at the fiscal body's regular meeting held for the purpose of establishing tax levies for the following year; and

(B) provision is made for the payment of the bonds and interest that are payable in the following year.

Sec. 20. If the proceeds of the bonds authorized under this chapter are insufficient to enable the county to administer the child services of the county for the unexpired part of the fiscal year, additional loans may be made for that time.

Sec. 21. (a) After the adoption of the bond ordinance by the county fiscal body, the county executive shall enter an order that does the following:

(1) Fixes the exact amount of the proposed loan. The amount of the proposed loan must be the maximum amount provided in the bond ordinance less any amount to be advanced from the general fund of the county.

(2) Fixes the exact rate of interest on the bonds or provides that the interest rate must be the lowest interest rate bid on the bonds. The interest rate may not exceed the maximum interest rate provided in the bond ordinance.

(b) The county executive may:

(1) fix the denominations of the bonds; or

(2) provide that the bonds shall be issued in denominations requested by the successful bidder.

(c) The denominations selected under subsection (b) may not change the amount of the serial maturities of the bonds.

(d) The county executive shall adopt the form of bond to be used in the issuance of the bonds. The form shall be substantially followed in the issuance of the bonds.

Sec. 22. Upon the adoption of the order of the county executive under section 21 of this chapter, the county auditor shall give notice of the determination to make the loan and to issue the bonds.

Sec. 23. The provisions of laws concerning the right of a taxpayer to file a remonstrance and to appeal to the department of local government finance apply to this chapter. However, the notice of the determination shall be given in one (1) publication. A taxpayer has ten (10) days

after the date of publication to file a remonstrance.

Sec. 24. Except as otherwise provided, the provisions of the general laws relating to the preparation and sale of bonds by counties apply to the preparation and sale of bonds issued under this chapter.

Sec. 25. (a) Before the sale of bonds under this chapter, the auditor shall publish notice of the sale one (1) time each week for two (2) consecutive weeks. All publications must be made at least seven (7) days before the date fixed for the sale of the bonds. The notice must be published:

(1) in two (2) newspapers published in the county; and

(2) one (1) time in a newspaper published in the city of Indianapolis.

(b) If the order of the county executive provides for a bid rate on the bonds, the notice of sale must state the following:

(1) That the order provides for a bid rate.

(2) That the highest bidder for the bonds will be the person that offers the lowest net interest cost to the county. The net interest cost shall be determined by:

(A) computing the total interest on all of the bonds to maturity; and

(B) deducting any premium bid from the total interest determined under clause (A).

Sec. 26. The auditor shall sell bonds issued under this chapter to the highest bidder. If a satisfactory bid is not received for all of the bonds at the time fixed in the notice of sale, the auditor may do the following:

(1) Continue the sale from day to day.

(2) Sell bonds in parcels until otherwise directed by an order of the county executive.

Sec. 27. (a) All bonds issued under this chapter:

(1) are direct general obligations of the county issuing the bonds; and

(2) are payable out of unlimited ad valorem taxes that shall be levied and collected on all the taxable property within the county.

(b) Each official and body responsible for the levying of taxes for the county must ensure that sufficient levies are made to meet the principal and interest on the bonds at the time fixed for the payment of the principal and interest, without regard to any other statute. If an official or a body fails or refuses to make or allow a sufficient levy required by this section, the bonds and the interest on the bonds shall be payable out of the general fund of the county without appropriation.

Sec. 28. (a) Upon approval of the county executive, the auditor may pay out of the proceeds of the bonds without further appropriation the cost of the following:

(1) Publishing the notice of determination and the bond sale notice.

(2) The printing of the bonds.

(3) The expense for legal services incurred in the sale of the bonds.

(4) Reimbursing the general fund for advancements made to the children's psychiatric residential treatment services fund.

(b) The proceeds of the bonds remaining after the payment of the costs of the issuance of the bonds shall be paid into and are a part of the children's psychiatric residential treatment services fund.

Sec. 29. The county fiscal body may authorize and make temporary loans for the use and benefit of the children's psychiatric residential treatment services fund in anticipation of current revenues of the county that are actually levied and being collected for the fiscal year in which the loans are authorized and made. Each temporary loan authorized and made under this section must be authorized and made in conformity with IC 36-2-6.

Sec. 30. Upon the affirmative vote of two-thirds (2/3) of the members of the county fiscal body, a county may issue the county's serial bonds for an amount not exceeding in aggregate the amount for which the county is indebted for the use of the children's psychiatric residential treatment services fund if the following conditions exist:

(1) The indebtedness for the use of the children's psychiatric residential treatment services fund is evidenced by bonds, notes, judgments, or obligations that are:

(A) issued or negotiated by the county; or

(B) rendered against the county.

(2) The serial bonds are issued for any of the following purposes:

(A) Funding or refunding the indebtedness or any part of the indebtedness.

(B) Reducing the rate of interest on the indebtedness.

(C) Extending the time of payment of the indebtedness.

(D) Canceling the amount of the indebtedness that becomes due.

Sec. 31. The serial bonds issued under section 30 of this chapter:

(1) may be of any denomination that is:

(A) not less than fifty dollars ($50); and

(B) not more than one thousand dollars ($1,000);

(2) shall be payable:

(A) at any place named on the serial bonds; and

(B) at any time not later than fifteen (15) years after the date of the serial bonds;

(3) may bear any rate of interest, payable annually or semiannually;

(4) shall be sold at not less than the par value of the bonds; and

(5) shall be sold in the manner provided for the sale of bonds issued under IC 12-20-23.

Sec. 32. (a) The county fiscal body shall add to the tax duplicate of the county:

(1) an annual levy sufficient to pay the yearly interest on the bonds issued under section 30 of this chapter; and

(2) an annual levy sufficient to provide a sinking fund for the liquidation of the principal as the principal becomes due. The sinking fund shall be applied solely to the payment of the bonds.

(b) If the county fiscal body fails to levy a tax sufficient to pay the interest on the bonds or to liquidate the principal of the bonds as the principal becomes due, the county auditor shall levy the tax or increase the tax levy made by the county fiscal body in the amount necessary to pay the interest and to retire the bonds as the bonds become due.

(c) Notwithstanding any other law, the tax levy may not be reduced below the amount required under this section.

Sec. 33. (a) A county auditor shall annually, not before January 1 and not later than March 31, determine the amount of any excess funds available in the county children's psychiatric treatment services fund based on the following formula:

STEP ONE: Determine the ending cash balance in the fund in the preceding fiscal year.

STEP TWO: Calculate one-half of the actual cost of providing children's psychiatric treatment services.

STEP THREE: Subtract the amount determined in STEP TWO from the amount determined in STEP ONE.

(b) The county auditor shall transfer the amount determined in subsection (a) STEP THREE, if any, from the county children's psychiatric treatment services fund to the county general fund to be used to pay for the part of the care and maintenance of the inmates of the Plainfield juvenile correctional facility and the Indianapolis juvenile correctional facility that is charged back to the counties.

SECTION 93. [EFFECTIVE JULY 1, 2003] **(a) The budget agency shall develop a plan and seek federal approval to qualify services that are provided to assist exceptional learners in accessing or coordinating services, or both, under the state Medicaid plan.**

(b) The budget agency and the office of the secretary of family and social services shall establish a method to collect the state share of the costs of services that are:

(1) reimbursable under the Medicaid program; and

(2) provided to Medicaid eligible children receiving services in private psychiatric residential treatment facilities;

from the county of residence of the child receiving services.

SECTION 94. [EFFECTIVE JULY 1, 2003] **(a) IC 6-1.1-18.6-2.2 and IC 6-1.1-18.6-4, both as added by this act, apply only to property taxes first due and payable after December 31, 2004.**

(b) This SECTION expires January 1, 2006.

SECTION 95. [EFFECTIVE JULY 1, 2003] **The state department of health established by IC 16-19-1-1 may develop a plan and seek federal approval to qualify the Indiana Veterans' Home for reimbursement of services and other expenses that could be eligible under Medicaid. A plan developed under this section must be structured to maximize federal Medicaid reimbursement for the Veterans' Home. Subject to approval of the budget agency, any revenue accruing to the Indiana Veterans' Home from the receipt of Medicaid reimbursement may be used to augment appropriations made to the office of Medicaid policy and planning established by IC 12-8-6-1 for use in funding long term care.**

SECTION 96. IC 12-24-1-10, AS ADDED BY P.L.190-2002, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 10. (a) Notwithstanding any other law, the director of the division of disability, aging, and rehabilitative services may not terminate normal patient care or other operations at Muscatatuck State Developmental Center unless the division has complied with this section.

(b) The division shall conduct at least one (1) public hearing at a handicap accessible location in the county where Muscatatuck State Developmental Center is located to obtain written and oral testimony from all persons interested in the effect that the center's downsizing would have on:

(1) Muscatatuck State Developmental Center:

(A) residents;

(B) residents' families; and

(C) employees; and

(2) communities surrounding Muscatatuck State Developmental Center.

(c) The division shall conduct a study of the following issues:

(1) The risks to the health and well-being of residents of Muscatatuck State Developmental Center and the families of residents that arise from:

(A) downsizing Muscatatuck State Developmental Center; and

(B) transferring residents to new placements.

(2) The types of placements needed to adequately serve residents of Muscatatuck State Developmental Center in a setting that is located within the vicinity of the families of residents, including:

(A) the availability of adequate placements; and

(B) the need to develop new placement opportunities.

(3) The economic impact that downsizing will have on:

(A) Muscatatuck State Developmental Center:

(i) residents;

(ii) residents' families; and

(iii) employees; and

(B) communities surrounding Muscatatuck State Developmental Center.

(4) The existence of environmental hazards on the property where Muscatatuck State Developmental Center is located.

(5) Opportunities for reuse of the Muscatatuck State Developmental Center property in a manner that will enhance the economy of the area.

(d) After the public hearing required under subsection (b), the division shall submit a report to the legislative council and the budget agency that contains the following information:

(1) A summary of the testimony received at the public hearing required under subsection (b).

(2) The results of the division's study under subsection (c).
(3) Other information the director of the division considers relevant.

(e) The division shall develop a plan for the downsizing of Muscatatuck State Developmental Center. The plan must include the following:

(1) A plan and timetable for placement of appropriate residents of Muscatatuck State Developmental Center in adequate placements that fully meet the needs of the residents before downsizing Muscatatuck State Developmental Center.

(2) A plan for moving residents to alternative placements that protects the physical health, mental health, and safety of the residents.

(3) A plan for keeping:

(A) Muscatatuck State Developmental Center:

(i) residents;

(ii) residents' families; and

(iii) employees; and

(B) communities surrounding Muscatatuck State Developmental Center;

informed of each significant step taken in the planning, resident placement, and downsizing process.

(4) An environmental plan for the elimination of any environmental hazards on the property where Muscatatuck State Developmental Center is located.

(5) A plan and timetable for the reuse of the Muscatatuck State Developmental Center property in a manner that will provide for the best economic use of the property.

(6) A plan for monitoring compliance with the standards set to assure the health and safety of residents, compliance with this section, and compliance with the plans developed under this section.

The division shall submit the plan required under this subsection to the legislative council and the budget agency at the same time that the report required under subsection (d) is submitted.

(f) The report required under subsection (d) and the plan required under subsection (e) must be approved by the budget director after review by the legislative council and the budget committee.

(g) The director may not complete the closure of Muscatatuck State Developmental Center until:

(1) the report and plan are approved by the budget director under subsection (f); and

(2) residents of Muscatatuck State Developmental Center are placed in adequate placements that:

(A) fully meet the capabilities and needs of the residents; **and**

(B) are located sufficiently close to the families of residents so that the families may maintain the same level of contact with the residents that the families had before the residents were transferred from Muscatatuck State Developmental Center. ~~and~~

~~(C) are acceptable to the individual or the individual's representative.~~

SECTION 97. IC 21-6.1-2-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. (a) It is the intent of the 1995 session of the general assembly that the state create a program to stabilize the state's general fund teacher pension expenditures as a percentage of the general fund budget.

(b) The pension stabilization fund is established. The pension stabilization fund shall be a part of the pre-1996 account, and shall be administered by the board of trustees of TRF in accordance with the powers and duties granted to the board of trustees in IC 21-6.1-3-6, IC 21-6.1-3-7, and IC 21-6.1-3-9 through IC 21-6.1-3-15.

(c) Amounts allocated to the pension stabilization fund under IC 4-30-16-3, a portion of employer reserve balance (as determined by the budget director so that the employer reserve is sufficient for the cash flow needs), and other amounts appropriated to the pension stabilization fund by the general assembly shall be deposited in the pension stabilization fund.

(d) ~~Expenditures from the fund may not be made until state fiscal year 2006.~~ **After June 30, 2003, and before July 1, 2004, the board of trustees of TRF shall use an amount not to exceed one**

hundred ninety million dollars ($190,000,000) from the pension stabilization fund to pay the pre-1996 Indiana state teachers' retirement fund's pension liabilities for the state's fiscal year 2004. After June 30, 2004, and before July 1, 2005, the board of trustees of TRF shall use an amount not to exceed one hundred ninety million dollars ($190,000,000) from the pension stabilization fund to pay the pre-1996 Indiana state teachers' retirement fund's pension liabilities for the state's fiscal year 2005. After state fiscal year ~~2006,~~ **2005,** payments from the fund will equal the pre-1996 Indiana state teachers' retirement fund pension liabilities for the current fiscal year minus the prior year's state general fund payments for the pre-1996 Indiana state teachers' retirement fund times the pension stabilization percentage. **(In state fiscal year 2006, the prior year's state general fund payments for the pre-1996 Indiana state teachers' retirement fund shall be treated as including the amount used under this section in the prior state fiscal year to pay pre-1996 Indiana state teachers' retirement fund's pension liabilities.)** The pension stabilization percentage shall be set at one hundred six percent (106%). The budget agency, after review by the state budget committee and with the approval of the governor, may change the pension stabilization percentage such that the present value of future payments from the fund equal the fund's balance plus the present value of future receipts to the fund, but the payments may not allow the fund balance to be negative.

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

SECTION 98. [EFFECTIVE JULY 1, 2003] **(a) Notwithstanding P.L. 291-2001, SECTION 38, the appropriation from the Build Indiana Fund, FOR THE BUDGET AGENCY, Local Election Equipment Matching Grants for $4,000,000 is canceled.**

(b) Notwithstanding P.L. 291-2001, SECTION 38, the appropriation from the Build Indiana Fund, FOR THE BUDGET AGENCY, Local Election and Voter Registration Equipment for $5,000,000 is canceled.

(c) There is appropriated to the voter registration and procedures account within the state general fund and to the voter system improvement account within the state general fund an amount sufficient to provide match for federal funds received under the Help America Vote Act (HAVA) from money transferred to the state general fund under subsection (d) for the biennium beginning July 1, 2003, and ending June 30, 2005.

(d)Notwithstanding IC 4-30-11-9, an amount sufficient to comply with subsection (c) is transferred to the state general fund from the balance, as of June 30, 2003, of unclaimed prize money of the Indiana state lottery under IC 4-30-11-7.

(e) This SECTION expires July 1, 2005.

SECTION 99. [EFFECTIVE JULY 1, 2003] **The trustees of Indiana University may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the following projects if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for the following:**

Indiana University - Purdue University at Fort Wayne

Medical Building $14,000,000

SECTION 100. [EFFECTIVE JULY 1, 2003] **The trustees of Purdue University may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the following projects if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for the following:**

Indiana University - Purdue University at Fort Wayne

Music Building $19,000,000

Bonding authority granted by this SECTION for the Music Building is not eligible for fee replacement appropriations until July 1, 2005.

SECTION 101. [EFFECTIVE JULY 1, 2003] **The trustees of Indiana University and Purdue**

University may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the following projects if for each institution the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for that institution:

INDIANA UNIVERSITY- Bloomington Campus	
Multidisciplinary Science Building Phase II	**31,872,000**
INDIANA UNIVERSITY PURDUE UNIVERSITY INDIANAPOLIS	
Research Institute Building III	**33,333,333**
INDIANA UNIVERSITY PURDUE UNIVERSITY INDIANAPOLIS	
Information Sciences Building	**15,000,000**
PURDUE UNIVERSITY- West Lafayette Campus	
Millennium Engineering Building	**36,000,000**
PURDUE UNIVERSITY- West Lafayette Campus	
Biomedical Engineering Building	**13,000,000**
INDIANA UNIVERSITY-PURDUE	
UNIVERSITY INDIANAPOLIS	
Campus Center	**40,000,000**

The borrowing authority granted by this SECTION for the Indiana University-Purdue University Indianapolis Campus Center project is not authorized for fee replacement, but supplements, and is in addition to, the $10,000,000 of fee-replaced bonding authority granted in P.L.291-2001, SECTION 46.

SECTION 102. [EFFECTIVE JULY 1, 2003] **The trustees of the University of Southern Indiana may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for the University of Southern Indiana:**

UNIVERSITY OF SOUTHERN INDIANA	
Renovation of the University Center	**9,750,000**

The project is not eligible for fee replacement.

SECTION 103. [EFFECTIVE JULY 1, 2003] **The trustees of the University of Southern Indiana may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for the University of Southern Indiana:**

UNIVERSITY OF SOUTHERN INDIANA	
Library	**29,084,830**

SECTION 104. [EFFECTIVE JULY 1, 2003] **The trustees of the University of Southern Indiana may issue and sell bonds under IC 20-12-8, subject to the approvals required by IC 20-12-5.5, for the purpose of constructing, furnishing, and equipping the parking garage project so long as the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed three million dollars ($3,000,000). The project is not eligible for fee replacement.**

SECTION 105. [EFFECTIVE JULY 1, 2003] **The trustees of Indiana University may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance**

of the bonds, does not exceed the total authority listed below for the Indiana University South Bend Campus:

INDIANA UNIVERSITY-South Bend Campus

Land Acquisition	**2,000,000**

SECTION 106. [EFFECTIVE JULY 1, 2003] **The trustees of Vincennes University may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for the Vincennes University Jasper Campus:**

VINCENNES UNIVERSITY-Jasper Campus

Jasper Center New Academic Building	**4,320,000**

SECTION 107. [EFFECTIVE JULY 1, 2003] **The trustees of Ivy Tech State College may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for the following:**

Richmond Building Addition, Phase II	**8,780,000**
Indianapolis/Lawrence Roosevelt Building Acquisition	**10,000,000**
Valparaiso New Campus, Phase I	**15,843,000**
Madison A&E	**826,000**
Portage A&E	**275,000**
Marion A&E	**250,000**
Evansville Phase II Project	**18,158,000**

SECTION 108. [EFFECTIVE JULY 1, 2003] **The trustees of Ball State University may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for Ball State University:**

BALL STATE UNIVERSITY

Communication Media Building	**21,000,000**

SECTION 109. [EFFECTIVE JULY 1, 2003] **The trustees of Purdue University may issue and sell bonds under IC 20-12-8, subject to the approvals required by IC 20-12-5.5, for the purpose of constructing, furnishing, and equipping the Parking Garage No. 1 project at the Calumet Campus, so long as the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed eleven million five hundred thousand dollars ($11,500,000). The project is not eligible for fee replacement.**

SECTION 110. [EFFECTIVE JULY 1, 2003] **The trustees of Indiana State University may issue and sell bonds under IC 20-12-6, subject to the approvals required by IC 20-12-5.5, for the following project if the sum of principal costs of any bond issued, excluding amounts necessary to provide money for debt service reserves, credit enhancement, or other costs incidental to the issuance of the bonds, does not exceed the total authority listed below for Indiana State University:**

INDIANA STATE UNIVERSITY

University Hall Renovation and Business School A&E	**2,240,000**

SECTION 111. [EFFECTIVE JULY 1, 2003] **(a) The general assembly finds that the state needs the construction, equipping, renovation, refurbishing, or alteration of not more than one (1)**

regional health center.

(b) The general assembly finds that the state will have a continuing need for use and occupancy of the health center described in subsection (a). The general assembly authorizes the state office building commission to provide the health center described in subsection (a) under IC 4-13.5-1 and IC 4-13.5-4.

SECTION 112. [EFFECTIVE UPON PASSAGE] **(a) The general assembly finds that the state needs the construction, equipping, purchasing, leasing, renovation, refurbishing, or alteration of laboratory facilities described in subsection (d) for the use of agencies of the state, including the state police department created by IC 10-1-1-1, the state department of health established by IC 16-19-11, and, notwithstanding IC 4-13.5-1-1, the state department of toxicology of the Indiana University school of medicine established under IC 20-12-34-1.**

(b) The general assembly finds that the state will have a continuing need for use and occupancy of the laboratory facilities described in subsection (d).

(c) The general assembly authorizes the state office building commission to provide the laboratory facilities described in subsection (d) under IC 4-13.5-1 and IC 4-13.5-4, including the borrowing of money or the issuance and sale of bonds, or both, under IC 4-13.5-4.

(d) As used in subsections (a), (b) and (c), the term laboratory facilities means land, buildings, structures, improvement and equipment and related facilities for the use and occupancy of state agencies and the state department of toxicology.

SECTION 113. IC 32-34-1-20, AS ADDED BY P.L.2-2002, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 20. (a) For purposes of this section, an indication of interest in the property by the owner:

(1) does not include a communication with an owner by an agent of the holder who has not identified in writing the property to the owner; and

(2) includes the following:

(A) With respect to an account or underlying shares of stock or other interest in a business association or financial organization:

(i) the cashing of a dividend check or other instrument of payment received; or

(ii) evidence that the distribution has been received if the distribution was made by electronic or similar means.

(B) A deposit to or withdrawal from a bank account.

(C) The payment of a premium with respect to a property interest in an insurance policy.

(D) The mailing of any correspondence in writing from a financial institution to the owner, including:

(i) a statement;

(ii) a report of interest paid or credited; or

(iii) any other written advice;

relating to a demand, savings, or matured time deposit account, including a deposit account that is automatically renewable, or any other account or other property the owner has with the financial institution if the correspondence is not returned to the financial institution for nondelivery.

(E) Any activity by the owner that concerns:

(i) another demand, savings, or matured time deposit account or other account that the owner has with a financial institution, including any activity by the owner that results in an increase or decrease in the amount of any other account; or

(ii) any other relationship with the financial institution, including the payment of any amounts due on a loan;

if the mailing address for the owner contained in the financial institution's books and records is the same for both an inactive account and for a related account.

(b) The application of an automatic premium loan provision or other nonforfeiture provision

contained in an insurance policy does not prevent the policy from maturing or terminating if the insured has died or the insured or the beneficiary of the policy otherwise has become entitled to the proceeds before the depletion of the cash surrender value of the policy by the application of those provisions.

(c) Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times:

(1) For traveler's checks, fifteen (15) years after issuance.

(2) For money orders, seven (7) years after issuance.

(3) For consumer credits, three (3) years after the credit becomes payable.

(4) For gift certificates, three (3) years after December 31 of the year in which the gift certificate was sold. If the gift certificate is redeemable in merchandise only, the amount abandoned is considered to be sixty percent (60%) of the certificate's face value.

(5) For amounts owed by an insurer on a life or an endowment insurance policy or an annuity contract:

(A) if the policy or contract has matured or terminated, three (3) years after the obligation to pay arose; or

(B) if the policy or contract is payable upon proof of death, three (3) years after the insured has attained, or would have attained if living, the limiting age under the mortality table on which the reserve is based.

(6) For property distributable by a business association in a course of dissolution, one (1) year after the property becomes distributable.

(7) For property or proceeds held by a court or a court clerk, other than property or proceeds related to child support, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under IC 32-34-3. For property or proceeds related to child support held by a court or a court clerk, ten (10) years after the property or proceeds become distributable.

(8) For property held by a state or other government, governmental subdivision or agency, or public corporation or other public authority, one (1) year after the property becomes distributable.

(9) For compensation for personal services, one (1) year after the compensation becomes payable.

(10) For deposits and refunds held for subscribers by utilities, one (1) year after the deposits or refunds became payable.

(11) For stock or other interest in a business association, five (5) years after the earlier of:

(A) the date of the last dividend, stock split, or other distribution unclaimed by the apparent owner; or

(B) the date of the second mailing of a statement of account or other notification or communication that was:

(i) returned as undeliverable; or

(ii) made after the holder discontinued mailings to the apparent owner.

(12) For property in an individual retirement account or another account or plan that is qualified for tax deferral under the Internal Revenue Code, three (3) years after the earliest of:

(A) the actual date of the distribution or attempted distribution;

(B) the distribution date as stated in the plan or trust agreement governing the plan; or

(C) the date specified in the Internal Revenue Code by which distribution must begin in order to avoid a tax penalty.

(13) For a demand, savings, or matured time deposit, including a deposit that is automatically renewable, five (5) years after maturity or five (5) years after the date of the last indication by the owner of interest in the property, whichever is earlier. Property that is automatically renewable is considered matured for purposes of this section upon the expiration of its initial period, unless

the owner has consented to a renewal at or about the time of the renewal and the consent is in writing or is evidenced by a memorandum or other record on file with the holder.

(14) **For property payable or distributable in the course of a demutualization, rehabilitation, or related reorganization of a mutual insurance company, five (5) years after the earlier of:**

(A) the date of last contact with the policyholder; or

(B) the date the property became payable or distributable.

(15) For all other property, the earlier of five (5) years after:

(A) the owner's right to demand the property; or

(B) the obligation to pay or distribute the property;

arose.

(d) Property is payable or distributed for purposes of this chapter notwithstanding the owner's failure to make demand or present an instrument or a document otherwise required to receive payment.

SECTION 114. [EFFECTIVE JULY 1, 2003] **(a) Notwithstanding IC 32-34-1-26, a life insurance company that was required to file a report with the attorney general concerning abandoned property before May 1, 2003, shall file a supplemental report with the attorney general concerning property that:**

(1) is abandoned property for purposes of IC 32-34-1-20(c)(14), as amended by this act; and

(2) was not included on a report previously filed under IC 32-34-1-26.

The supplemental report required by this SECTION must be filed before November 1, 2003, and must include the information required by IC 32-34-1-26.

(b) This SECTION expires July 1, 2005.

SECTION 115. [EFFECTIVE JULY 1, 2002 (RETROACTIVE)] **(a) Notwithstanding IC 32-34-1-34, the treasurer of state shall transfer on:**

(1) June 30, 2003;

(2) June 30, 2004; and

(3) June 30, 2005;

any balance (excluding amounts needed to fund appropriations to the attorney general for personal services and other operating expenses for the unclaimed property program) in the abandoned property fund that exceeds five hundred thousand dollars ($500,000) to the state general fund.

(b) After June 30, 2002, and before July 1, 2005, the treasurer of state may not transfer any amount in the abandoned property fund to the common school fund. If any money was transferred before June 30, 2003, in a manner that is inconsistent with this subsection, the treasurer of state shall take the necessary action to restore the money to the abandoned property fund and transfer the money as required under subsection (a).

(c) This SECTION expires July 1, 2004.

SECTION 116. [EFFECTIVE JULY 1, 2003] **(a) The budget agency shall cause fifty million dollars ($50,000,000) to be transferred from the public depository insurance fund to the state general fund in the state fiscal year beginning July 1, 2003, and ending June 30, 2004, with the following conditions:**

(1) The transfer required under this SECTION is an interest free loan from the public depository insurance fund to the state general fund.

(2) If before January 1, 2013, the governor, on the advice of the budget agency, makes a determination that the general fund has a balance sufficient to repay the loan, the budget agency shall establish a repayment plan under which the loan is repaid either in one (1) installment or in a number of installments determined by the budget agency. Money sufficient to make the installments under a repayment plan established under this subsection is appropriated from the general fund.

(3) If the governor, on the advice of the budget agency, has not made a determination prior to January 1, 2013, to repay the interest free loan to the public depository insurance fund,

the budget agency shall include a request for funds to repay the loan in the budget agency budget request submitted to the 2013 session of the general assembly.

(b) The budget agency shall cause the following transfers to be made from the specified funds to the state general fund in the specified state fiscal years:

(1) Two million dollars ($2,000,000) from the industrial industries fund in the state fiscal year beginning July 1, 2003, and ending June 20, 2004.

(2) Two million four hundred thousand dollars ($2,400,000) from the industrial industries fund in the state fiscal year beginning July 1, 2004, and ending June 30, 2005.

(3) Two million five hundred thousand dollars ($2,500,000) from the administrative services fund in the state fiscal year beginning July 1, 2004, and ending June 30, 2005.

(c) This SECTION expires July 1, 2013.

SECTION 117. 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.

~~(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 are specifically authorized by 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).~~

~~(g)~~ **(c)** 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)~~ **(d)** 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 118. IC 4-12-8.5-3, AS ADDED BY P.L.291-2001, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) The regional health care construction account is established for the purpose of providing funding for state psychiatric hospitals and developmental centers, regional health centers, or other health facilities designed to provide crisis treatment, rehabilitation, or intervention for adults or children with mental illness, developmental disabilities, addictions, or other medical or rehabilitative needs. The account consists of:

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

(2) appropriations to the account from other sources; and

(3) grants, gifts, and donations intended for deposit in the account.

~~(b) Fourteen million dollars ($14,000,000) shall be transferred during state fiscal years 2001-2002 and 2002-2003 from the Indiana tobacco master settlement fund to the account.~~

~~(c)~~ **(b)** The budget agency shall administer the account. Money in the account at the end of a state fiscal year does not revert to the state general fund but remains available for expenditure.

~~(d)~~ **(c)** Money in the account may be used for:

(1) the construction, equipping, renovation, demolition, refurbishing, or alteration of existing or new state hospitals, regional health centers, or other health facilities; or

(2) lease rentals to the state office building commission or other public or private providers of such facilities.

~~(e)~~ **(d)** Money in the account shall be used to pay any outstanding lease rentals before making any other payments from the account.

~~(f)~~ **(e)** Money in the account is annually appropriated for the purposes described in this chapter.

SECTION 119. IC 6-7-1-30.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 30.5. (a) There is annually appropriated to the local health maintenance fund established by IC 16-46-10 ~~two million three hundred seventy thousand dollars ($2,370,000)~~ **two million four hundred thirty thousand dollars ($2,430,000)** from the state general fund to provide funds for annual distribution to local boards of health in accordance with IC 16-46-10-2 to enable local boards of health to provide basic health services.

(b) The state department of health may retain annually a maximum of fifty thousand dollars ($50,000) of the total appropriation to the local health maintenance fund under subsection (a) to pay administrative expenses incurred by the state department of health in distributing the funds to local health departments.

SECTION 120. IC 22-4-26-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Money credited to the account of this state in the unemployment trust fund by the Secretary of the Treasury of the United States pursuant to 42 U.S.C. 1103, as amended, may be requisitioned and used for the payment of expenses incurred for the administration of this article and public employment offices pursuant to a specific appropriation by the general assembly, provided that

the expenses are incurred and the money is requisitioned after the enactment of an appropriation statute which:

(1) specifies the purposes for which such money is appropriated and the amounts appropriated therefor;

(2) **except as provided in subsection (i),** limits the period within which such money may be obligated to a period ending not more than two (2) years after the date of the enactment of the appropriation statute; and

(3) limits the total amount which may be obligated during a twelve (12) month period beginning on July 1 and ending on the next June 30 to an amount which does not exceed the amount by which:

(A) the aggregate of the amounts credited to the account of this state pursuant to 42 U.S.C. 1103, as amended, during such twelve (12) month period and the twenty-four (24) preceding twelve (12) month periods; exceeds

(B) the aggregate of the amounts obligated by this state pursuant to this section and amounts paid out for benefits and charged against the amounts credited to the account of this state during such twenty-five (25) twelve (12) month periods.

(b) For the purposes of this section, amounts obligated by this state during any such twelve (12) month period shall be charged against equivalent amounts which were first credited and which have not previously been so charged, except that no amount obligated for administration of this article and public employment offices during any such twelve (12) month period may be charged against any amount credited during such twelve (12) month period earlier than the fourteenth preceding such twelve (12) month period.

(c) Amounts credited to the account of this state pursuant to 42 U.S.C. 1103, as amended, may not be obligated except for the payment of cash benefits to individuals with respect to their unemployment and for the payment of expenses incurred for the administration of this article and public employment offices pursuant to this section.

(d) Money appropriated as provided in this section for the payment of expenses incurred for the administration of this article and public employment offices pursuant to this section shall be requisitioned as needed for payment of obligations incurred under such appropriation and upon requisition shall be deposited in the employment and training services administration fund but, until expended, shall remain a part of the unemployment insurance benefit fund. The commissioner shall maintain a separate record of the deposit, obligation, expenditure, and return of funds so deposited. If any money so deposited is for any reason not to be expended for the purpose for which it was appropriated, or if it remains unexpended at the end of the period specified by the statute appropriating such money, it shall be withdrawn and returned to the Secretary of the Treasury of the United States for credit to this state's account in the unemployment trust fund.

(e) There is appropriated out of the funds made available to Indiana under Section 903 of the Social Security Act, as amended by Section 209 of the Temporary Extended Unemployment Compensation Act of 2002 (which is Title II of the federal Jobs Creation and Worker Assistance Act of 2002, Pub.L107-147), seventy-two million two hundred thousand dollars ($72,200,000) to the department of workforce development. The appropriation made by this subsection is available for ten (10) state fiscal years beginning with the state fiscal year beginning July 1, 2003. Unencumbered money at the end of a state fiscal year does not revert to the state general fund.

(f) Money appropriated under subsection (e) is subject to the requirements of IC 22-4-37-1.

(g) Money appropriated under subsection (e) may be used only for the following purposes:

(1) The administration of the Unemployment Insurance (UI) program and the Wagner Peyser public employment office program.

(2) Acquiring land and erecting buildings for the use of the department of workforce development.

(3) Improvements, facilities, paving, landscaping, and equipment repair and maintenance

that may be required by the department of workforce development.

(h) In accordance with the requirements of subsection (g), the department of workforce development may allocate up to the following amounts from the amount described in subsection (e) for the following purposes:

(1) Thirty-nine million two hundred thousand dollars ($39,200,000) to be used for the modernization of the Unemployment Insurance (UI) system beginning July 1, 2003, and ending June 30, 2013.

(2) For:

(A) the state fiscal year beginning after June 30, 2003, and ending before July 1, 2004, five million dollars ($5,000,000);

(B) the state fiscal year beginning after June 30, 2004, and ending before July 1, 2005, five million dollars ($5,000,000);

(C) the state fiscal year beginning after June 30, 2005, and ending before July 1, 2006, five million dollars ($5,000,000);

(D) the state fiscal year beginning after June 30, 2006, and ending before July 1, 2007, five million dollars ($5,000,000); and

(E) the state fiscal year beginning after June 30, 2007, and ending before July 1, 2008, five million dollars ($5,000,000);

for the JOBS proposal to meet the workforce needs of Indiana employers in high wage, high skill, high demand occupations.

(3) For:

(A) the state fiscal year beginning after June 30, 2003, and ending before July 1, 2004, four million dollars ($4,000,000);

(B) the state fiscal year beginning after June 30, 2004, and ending before July 1, 2005, four million dollars ($4,000,000);

to be used by the workforce investment boards in the administration of Indiana's public employment offices.

(i) The amount appropriated under subsection (e) for the payment of expenses incurred in the administration of this article and public employment is not required to be obligated within the two (2) year period described in subsection (a)(2).

SECTION 121. [EFFECTIVE JULY 1, 2002 (RETROACTIVE)] **(a) For purposes of this SECTION:**

(1) "department" refers to the department of local government finance;

(2) "district" refers to a solid waste management district that has territory in more than one (1) county; and

(3) "2003 levy" refers to the least of:

(A) the district's maximum permissible levy under IC 6-1.1-18.5-3;

(B) the district's advertised levy; and

(C) the district's adopted levy;

for 2002 taxes payable in 2003.

(b) Notwithstanding:

(1) IC 13-21-7; or

(2) any action taken by a county or a district to fix a property tax levy for 2002 taxes payable in 2003;

the department may, for each county that participates in a district, determine under this SECTION the portion of the district's property tax levy under IC 13-21-3-12(13) for 2002 taxes payable in 2003 to be levied in the county.

(c) The amount of the portion referred to in subsection (b) for a county that participates in a district is the amount that bears the same proportion to the 2003 levy that the certified assessed value of the county as of the 2001 assessment date bears to the total certified assessed value as

of the 2001 assessment date of all counties that participate in the district.

(d) The department shall use the amount determined under subsection (c) in setting the tax rate of the county.

(e) This SECTION expires July 1, 2004.

SECTION 122. IC 11-12-1-2.5, AS AMENDED BY P.L.32-2000, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2.5. (a) The community corrections programs described in section 2 of this chapter may include the following:

(1) Residential or work release programs.
(2) House arrest, home detention, and electronic monitoring programs.
(3) Community restitution or service programs.
(4) Victim-offender reconciliation programs.
(5) Jail services programs.
(6) Jail work crews.
(7) Community work crews.
(8) Juvenile detention alternative programs.
(9) Day reporting programs.
(10) **Faith based programs.**
(11) Other community corrections programs approved by the department.

(b) The community corrections board may also coordinate and operate educational, mental health, drug or alcohol abuse counseling, housing, as a part of any of these programs, or supervision services for persons described in section 2 of this chapter.

SECTION 123. IC 11-12-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) A community corrections advisory board shall:

(1) formulate**:**
(A) the community corrections plan and the application for financial aid required by section 4 of this chapter; **and**
(B) the forensic diversion program plan under IC 11-12-3.5-2.
(2) observe and coordinate community corrections programs in the county;
(3) make an annual report to the county fiscal body, county executive, or, in a county having a consolidated city, the city-county council, containing an evaluation of the effectiveness of programs receiving financial aid under this chapter and recommendations for improvement, modification, or discontinuance of these programs;
(4) ensure that programs receiving financial aid under this chapter comply with the standards adopted by the department under section 5 of this chapter; and
(5) recommend to the county executive or, in a county having a consolidated city, to the city-county council, the approval or disapproval of contracts with units of local government or nongovernmental agencies that desire to participate in the community corrections plan.

Before recommending approval of a contract, the advisory board must determine that a program is capable of meeting the standards adopted by the department under section 5 of this chapter.

(b) A community corrections advisory board shall do the following:

(1) Adopt bylaws for the conduct of its own business.
(2) Hold a regular meeting at least one (1) time every three (3) months and at other times as needed to conduct all necessary business. Dates of regular meetings shall be established at the first meeting of each year.
(3) Comply with the public meeting and notice requirements under IC 5-14-1.5.

(c) A community corrections advisory board may contain an office as designated by the county executive or, in a county having a consolidated city, by the city-county council.

SECTION 124. IC 11-12-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 3.5. Forensic Diversion Program

Sec. 1. As used in this chapter, "forensic diversion program" means a program developed to ensure that an adult with a mental illness or an addictive disorder who has been convicted of a crime receives adequate community based treatment or other services instead of incarceration. An adult with a mental illness or an addictive disorder who has been convicted of a crime may participate in a forensic diversion program following the sentencing hearing, if the adult is:

(1) participating in a community corrections program;

(2) participating in a community transition program; or

(3) on probation.

Sec. 2. The community corrections advisory board shall develop a forensic diversion program plan to do the following:

(1) Establish and provide procedures for the early identification of serious mental or addictive disorders among detainees, including initial intake and assessment programs for individuals who are arrested.

(2) Permit an individual who is not charged with a crime involving serious bodily injury to participate in an arraignment or postarraignment diversion program.

(3) Provide a program of community based services for an individual eligible for deferred prosecution under IC 33-14-1-7 or IC 12-23-5-7.

(4) Permit an individual participating in a forensic diversion program to discontinue participation sixty (60) days after the individual's primary caregiver, physician, or counselor has released the individual from all care except for basic monitoring.

Sec. 3. The department may provide funds for forensic diversion programs for those offenders who were diverted from a mandatory period of incarceration from the department.

SECTION 125. IC 12-23-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. **(a)** In a criminal proceeding for a misdemeanor or infraction in which:

(1) the use or abuse of alcohol, drugs, or harmful substances is a contributing factor or a material element of the offense; or

(2) the defendant's mental illness other than substance abuse, is a contributing factor;

the court may take judicial notice of the fact that proper early intervention, medical, advisory, or rehabilitative treatment of the defendant is likely to decrease the defendant's tendency to engage in antisocial behavior.

(b) For purposes of IC 11-12-3.5, in a criminal proceeding in which:

(1) the use or abuse of alcohol, drugs, or harmful substances is a contributing factor or a material element of the offense; or

(2) the defendant's mental illness other than substance abuse, is a contributing factor;

the court shall take judicial notice of the fact that proper early intervention, medical, advisory, or rehabilitative treatment of the defendant is likely to decrease the defendant's tendency to engage in antisocial behavior.

SECTION 126. IC 35-50-2-2, AS AMENDED BY P.L.116-2002, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) The court may suspend any part of a sentence for a felony, except as provided in this section or in section 2.1 of this chapter.

(b) With respect to the following crimes listed in this subsection, the court may suspend only that part of the sentence that is in excess of the minimum sentence**, unless the court has approved placement of the offender in a forensic diversion program under IC 11-12-3.5**:

(1) The crime committed was a Class A or Class B felony and the person has a prior unrelated felony conviction.

(2) The crime committed was a Class C felony and less than seven (7) years have elapsed between the date the person was discharged from probation, imprisonment, or parole, whichever is later, for a prior unrelated felony conviction and the date the person committed the Class C felony for which the person is being sentenced.

(3) The crime committed was a Class D felony and less than three (3) years have elapsed between

the date the person was discharged from probation, imprisonment, or parole, whichever is later, for a prior unrelated felony conviction and the date the person committed the Class D felony for which the person is being sentenced. However, the court may suspend the minimum sentence for the crime only if the court orders home detention under IC 35-38-1-21 or IC 35-38-2.5-5 instead of the minimum sentence specified for the crime under this chapter.

(4) The felony committed was:

(A) murder (IC 35-42-1-1);

(B) battery (IC 35-42-2-1) with a deadly weapon or battery causing death;

(C) sexual battery (IC 35-42-4-8) with a deadly weapon;

(D) kidnapping (IC 35-42-3-2);

(E) confinement (IC 35-42-3-3) with a deadly weapon;

(F) rape (IC 35-42-4-1) as a Class A felony;

(G) criminal deviate conduct (IC 35-42-4-2) as a Class A felony;

(H) child molesting (IC 35-42-4-3) as a Class A or Class B felony;

(I) robbery (IC 35-42-5-1) resulting in serious bodily injury or with a deadly weapon;

(J) arson (IC 35-43-1-1) for hire or resulting in serious bodily injury;

(K) burglary (IC 35-43-2-1) resulting in serious bodily injury or with a deadly weapon;

(L) resisting law enforcement (IC 35-44-3-3) with a deadly weapon;

(M) escape (IC 35-44-3-5) with a deadly weapon;

(N) rioting (IC 35-45-1-2) with a deadly weapon;

(O) dealing in cocaine, a narcotic drug, or methamphetamine (IC 35-48-4-1) if the court finds the person possessed a firearm (as defined in IC 35-47-1-5) at the time of the offense, or the person delivered or intended to deliver to a person under eighteen (18) years of age at least three (3) years junior to the person and was on a school bus or within one thousand (1,000) feet of:

(i) school property;

(ii) a public park;

(iii) a family housing complex; or

(iv) a youth program center;

(P) dealing in a schedule I, II, or III controlled substance (IC 35-48-4-2) if the court finds the person possessed a firearm (as defined in IC 35-47-1-5) at the time of the offense, or the person delivered or intended to deliver to a person under eighteen (18) years of age at least three (3) years junior to the person and was on a school bus or within one thousand (1,000) feet of:

(i) school property;

(ii) a public park;

(iii) a family housing complex; or

(iv) a youth program center;

(Q) an offense under IC 9-30-5 (operating a vehicle while intoxicated) and the person who committed the offense has accumulated at least two (2) prior unrelated convictions under IC 9-30-5; or

(R) aggravated battery (IC 35-42-2-1.5).

(c) Except as provided in subsection (e), whenever the court suspends a sentence for a felony, it shall place the person on probation under IC 35-38-2 for a fixed period to end not later than the date that the maximum sentence that may be imposed for the felony will expire.

(d) The minimum sentence for a person convicted of voluntary manslaughter may not be suspended unless the court finds at the sentencing hearing that the crime was not committed by means of a deadly weapon.

(e) Whenever the court suspends that part of an offender's (as defined in IC 5-2-12-4) sentence that is suspendible under subsection (b), the court shall place the offender on probation under IC 35-38-2 for not more than ten (10) years.

(f) An additional term of imprisonment imposed under IC 35-50-2-11 may not be suspended.

(g) A term of imprisonment imposed under IC 35-47-10-6 or IC 35-47-10-7 may not be suspended if the commission of the offense was knowing or intentional.

(h) A term of imprisonment imposed for an offense under IC 35-48-4-6(b)(1)(B) may not be suspended.

SECTION 127. [EFFECTIVE JULY 1, 2003] **For the state fiscal year ending June 30, 2004, the department of correction shall quarterly present a report regarding county sentencing patterns to the budget committee. The report must include information concerning the following:**

(1) Population.

(2) Location by facility.

(3) Percentage of facility usage.

(4) Type of inmate.

(5) Type of incarceration.

(6) Mental health diversion.

(7) Community corrections and community transition.

SECTION 128. IC 13-11-2-35.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 35.5. "Community water system", for purposes of IC 13-18-20.5, 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 129. IC 13-11-2-142.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 142.7. "Nontransient noncommunity water system", for purposes of IC 13-18-20.5, 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 130. IC 13-11-2-177.3, AS AMENDED BY P.L.184-2002, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 177.3. "Public water system", for purposes of this chapter, IC 13-18-11, **IC 13-18-20.5,** IC 13-18-21, and other environmental management laws, has the meaning set forth in 42 U.S.C. 300f.

SECTION 131. IC 13-11-2-237.5, AS AMENDED BY P.L.1-2001, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 237.5. "Transient noncommunity water system", for purposes of IC 13-18-11 **and IC 13-18-20.5,** 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 132. IC 13-15-11-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: 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.**

(2) Solid waste ~~and~~ **program.**

(3) Hazardous waste ~~programs of the department and the boards.~~ **program.**

(4) Safe drinking water program.

SECTION 133. IC 13-15-11-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. The fund consists of fees and delinquent charges collected under the following:

(1) IC 13-18-20.

(2) **IC 13-18-20.5.**

(3) IC 13-20-21.

~~(3)~~ **(4)** IC 13-22-12.

SECTION 134. IC 13-18-20.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 20.5. Federal Safe Drinking Water Act

Sec. 1. The provisions in this chapter are to defray the costs of administering activities of the

federal Safe Drinking Water Act.

Sec. 2. For public water systems, the annual operation fees are as follows:

(1) For a community water system with more than four hundred (400) service connections, ninety-five cents ($0.95) per service connection.

(2) For a community water system with four hundred (400) or fewer service connections, the annual operation fee is three hundred fifty dollars ($350).

(3) For a nontransient noncommunity water system, the annual operation fees are as follows:

Number served	Fee
25 - 100	$150
101 - 250	$180
251 - 500	$240
501 - 1,000	$300
1,001 - 3,300	$450
3,301 - 5,000	$600
5,001 - 10,00	$1,500
more than 10,000	$3,000

(4) For a transient noncommunity water system, the annual operation fees are as follows:

Type of transient noncommunity water system	Fee
Groundwater	$100
Purchase	$ 50
Surface	$200

Sec. 3. (a) Public water system annual operation fees begin accruing January 1 of each year.

(b) This subsection applies only to fees that are due in 2004. The department shall assess the public water system annual operation fees not earlier than July 1. Notwithstanding section 2 of this chapter, the annual fee assessed under this subsection is equal to one-third (1/3) of the fee required under section 2 of this chapter.

(c) This subsection applies only to fees that are due in 2005. The department shall assess the public water system annual operation fees not earlier than July 1. Not withstanding section 2 of this chapter, the annual fee assessed under this subsection is equal to two-thirds (2/3) of the fee required under section 2 of this chapter.

(d) Beginning in 2006 and in each year thereafter, the department shall assess public water system annual operation fees not later than January 15 of each year.

(e) A person must remit a public water system annual operation fee or an installment established under IC 13-16-2 to the department not more than thirty (30) days after the date the fee is assessed or on the date the installment is due.

Sec. 4. (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 public water system annual operation fee or 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 is assessed or not later than thirty (30) days after the date an installment of the fee is due under IC 13-16-2.

Sec. 5. If a person does not remit a public water system annual operation fee or an 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 pursue enforcement action under IC 13-30. However, before the department may pursue enforcement action, 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 pursues enforcement action;

notify the person by United States mail of the fees and delinquency charges due. The notice must state that the department may pursue enforcement action for nonpayment after thirty (30) days from the date of the notice.

Sec. 6. The fees and delinquency charges collected under this chapter:

(1) are payable to the department; and

(2) shall be deposited in the environmental management permit operation fund established by IC 13-15-11-1.

SECTION 135. IC 20-1-1-6.5, AS ADDED BY P.L.221-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6.5. (a) As used in this section, "board" refers to the state board of education established under section 1 of this chapter.

(b) As used in this section, "department" refers to the department of education established under IC 20-1-1.1-2.

(c) As used in this section, "governing body" has the meaning set forth in IC 20-10.1-1-5.

(d) As used in this section, "plan" refers to an Indiana school academic plan established under section 6.3 of this chapter.

(e) As used in this section, "program" refers to a professional development program.

(f) **As used in this section, "school" includes the following:**

(1) A public school.

(2) A nonpublic school that has voluntarily become accredited under section 6 of this chapter.

(g) As used in this section, "superintendent" has the meaning set forth in IC 20-10.1-1-6.

~~(g)~~ **(h)** A school shall develop a program as a component of a plan established by the school.

~~(h)~~ **(i)** The following apply to a program developed under this section:

(1) The program must emphasize improvement of student learning and performance.

(2) The program must be developed by the committee that develops the school's strategic and continuous improvement and achievement plan under IC 20-10.2-3-1.

(3) The program must be integrated with the school's strategic and continuous improvement and achievement plan developed under IC 20-10.2-3.

~~(i)~~ **(j)** A school committee shall submit the school's program to the superintendent for the superintendent's review. The superintendent:

(1) shall review the plan to ensure that the program aligns with the school corporation's objectives, goals, and expectations;

(2) may make written recommendations of modifications to the program to ensure alignment; and

(3) shall return the program and any recommendations to the school committee.

~~(j)~~ **(k)** A school committee may modify the program to comply with recommendations made by the superintendent under subsection ~~(i).~~ **(j).**

~~(k)~~ **(l)** A school committee shall submit the program as part of its plan to the governing body. The governing body shall:

(1) approve or reject the program as part of the plan; and

(2) submit the program to the board as part of the plan for the school.

~~(l)~~ **(m)** The board may approve a school's program only if the program meets the board's core principles for professional development and the following additional criteria:

(1) To ensure high quality professional development, the program:

(A) is school based and collaboratively designed, and encourages participants to work collaboratively;
(B) has a primary focus on state and local academic standards, including a focus on Core 40 subject areas;
(C) enables teachers to improve expertise in subject knowledge and teaching strategies, uses of technologies, and other essential elements in teaching to high standards;
(D) furthers the alignment of standards, curriculum, and assessments; and
(E) includes measurement activities to ensure the transfer of new knowledge and skills to classroom instruction.

(2) A variety of resources, including needs assessments, an analysis of data regarding student learning needs, professional literature, research, and school improvement programs, are used in developing the program.

(3) The program supports professional development for all stakeholders.

(4) The program includes ongoing professional growth experiences that provide adequate time and job embedded opportunities to support school improvement and student learning, including flexible time for professional development that provides professional development opportunities before, during, and after the regular school day and school year.

(5) Under the program, teacher time for professional development sustains instructional coherence, participant involvement, and continuity for students.

(6) The program includes effective, research based strategies to support ongoing developmental activities.

(7) The program supports experiences to increase the effective use of technology to improve teaching and learning.

(8) The program encourages diverse techniques, including inquiry, reflection, action research, networking, study groups, coaching, and evaluation.

(9) The program includes a means for evaluating the effectiveness of the program and activities under the program.

~~(m)~~ **(n)** The board shall approve an evaluation system for professional development based on recommendations from the department and the professional standards board. The department shall develop a means for measuring successful programs and activities in which schools participate. The measurements must include the following:

(1) A mechanism to identify and develop strategies to collect multiple forms of data that reflect the achievement of expectations for all students. The data may include the results of ISTEP tests under IC 20-10.1-16, local tests, classroom work, and teacher and administrator observations.

(2) A procedure for using collected data to make decisions.

(3) A method of evaluation in terms of educator's practice and student learning, including standards for effective teaching and effective professional development.

~~(n)~~ **(o)** A school qualifies for a grant from the department when the school's program, developed and submitted under this section, is approved by the board upon recommendation of the department. For purposes of determining whether a school qualifies for a grant under this chapter, the department shall:

(1) review;

(2) suggest changes to; and

(3) recommend approval or rejection of;

a school's program.

~~(o)~~ **(p)** A school must use a grant received under this ~~chapter~~ **section** to implement all or part of the school's program by funding activities that may include the following:

(1) Partnership programs with other entities, including professional development schools.

(2) Teacher leadership academies, research teams, and study groups.

(3) Workshops, seminars, and site visits.

(4) Cooperative programs with other school corporations.
(5) National board certification for teachers.

~~(p)~~ **(q)** A school may contract with private or public sector providers to provide professional development activities under this section.

~~(q)~~ **(r)** A grant received under this section:
(1) shall be expended only for the conduct of activities specified in the program; and
(2) shall be coordinated with other professional development programs and expenditures of the school and school corporation.

~~(r)~~ **(s)** A school shall report to the department concerning the use of grants received under this chapter. A school that fails to make a report under this section is not eligible for a subsequent grant.

SECTION 136. IC 6-1.1-19-1.5, AS AMENDED BY P.L.90-2002, SECTION 173, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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 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~~ **a** calendar year **beginning after December 31, 2004,** 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).~~
~~STEP THREE:~~ **STEP TWO:** 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~~ **THREE** and not under STEP ~~FIVE;~~ **FOUR;**
(B) is less than the school corporation's previous year property tax rate, perform the calculation under STEP ~~FIVE~~ **FOUR** and not under STEP ~~FOUR;~~ **THREE;** 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~~ **THREE** or STEP ~~FIVE.~~ **FOUR.**
~~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:~~ **THREE:** 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.~~ **five cents ($0.05).**

STEP ~~FIVE:~~ **FOUR:** 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.~~ **five cents ($0.05).**

STEP ~~SIX:~~ **FIVE:** Determine the result of:

(A) the STEP ~~THREE~~ **TWO** (C), STEP ~~FOUR,~~ **THREE,** or STEP ~~FIVE~~ **FOUR** 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 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 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) For the calendar year beginning January 1, 2004, and ending December 31, 2004, a school corporation may impose a general fund ad valorem property tax levy in the amount determined under STEP SEVEN of the following formula:

STEP ONE: Determine the quotient of:

(A) the school corporation's 2003 assessed valuation; divided by

(B) the school corporation's 2002 assessed valuation.

STEP TWO: Determine the greater of zero (0) or the difference between:

(A) the STEP ONE amount; minus

(B) one (1).

STEP THREE: Determine the lesser of eleven-hundredths (0.11) or the product of:

(A) the STEP TWO amount; multiplied by

(B) eleven-hundredths (0.11).

STEP FOUR: Determine the sum of:

(A) the STEP THREE amount; plus

(B) one (1).

STEP FIVE: Determine the product of:

(A) the STEP FOUR amount; multiplied by

(B) the school corporation's general fund ad valorem property tax levy for calendar year 2003.

STEP SIX: Determine the lesser of:

(A) the STEP FIVE amount; or

(B) the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by five cents ($0.05).

STEP SEVEN: Determine the result of:

(A) the STEP SIX amount; 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 part of any excessive levy and the levy for new facilities.

SECTION 137. IC 6-1.1-21-2, AS AMENDED BY P.L.192-2002(ss), SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 for a racial balance fund; plus

(iii) IC 20-14-13 for a library capital projects fund; plus

(iv) IC 20-5-17.5-3 for an art association fund; plus

(v) IC 21-2-17 for a special education preschool fund; plus

(vi) IC 21-2-11.6 for a referendum tax levy fund; plus

(vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; plus

(viii) an appeal filed under IC 6-1.1-19-5.4 for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19, including any increases in these property taxes that are attributable to the adjustment set forth in ~~IC 6-1.1-19-1.5(a) STEP ONE~~ **IC 6-1.1-19-1.5** or any other law; minus

(I) for each township in the county, the lesser of:

(i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(5) filed after December 31, 1982; or

(ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

(J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of:

(i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 (repealed) that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b); and

(ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or the amount determined under

IC 12-19-7-4(b) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is equal to the sum of the following:

(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year.

(2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.

(k) "Business personal property" means tangible personal property (other than real property) that is being:

(1) held for sale in the ordinary course of a trade or business; or

(2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means the sum of the following:

(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.

(2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

SECTION 138. IC 6-1.1-34-7, AS AMENDED BY P.L.90-2002, SECTION 243, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. **(a)** Each year in which the department of local government finance computes a new assessment ratio for a school corporation, the department shall also compute a new adjustment factor for the school corporation. If the school corporation's assessment ratio for a year is more than ninety-nine percent (99%) but less than one hundred one percent (101%) of the state average assessment ratio for that year, the school corporation's adjustment factor is the number one (1). In all other cases, the school corporation's adjustment factor

equals (1) the state average assessment ratio for a year, divided by (2) the school corporation's assessment ratio for that year. The department of local government finance shall notify the school corporation of its new adjustment factor before March 2 of the year in which the department calculates the new adjustment factor.

(b) This subsection applies in a calendar year in which a general reassessment takes effect. If the department of local government finance has not computed:

(1) a new assessment ratio for a school corporation; or

(2) a new state average assessment ratio;

the school corporation's adjustment factor is the number one (1) until the department of local government finance notifies the school corporation of the school corporation's new adjustment factor.

SECTION 139. IC 20-12-14-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. **(a)** Instruction in ~~such~~ laboratory schools may be provided for pre-school pupils, kindergarten pupils, special education pupils, and for all or a portion of the twelve (12) common school grades.

(b) Agreements may be entered into with local school units and educational organizations for the assignment of pupils to such laboratory schools, the payment of transfer fees, and contributions to the cost of establishing and maintaining ~~said~~ **the laboratory** schools.

(c) A ~~university which operates a~~ laboratory school **that:**

(1) is operated by a university under this chapter without an agreement ~~with a local school unit or an educational organization shall receive all the state financial assistance (based on the number of pupils in ADM or ADA, as do other public schools, in the laboratory school) that the largest school corporation in the county in which the university is located would have received per pupil under IC 1971, 21-3 (except for IC 1971, 21-3-3), under Acts 1973, P.L. 339, pp. 1943-1946, and under any supplemental laws, except supplemental laws which provide for transportation assistance funding.~~ **described in subsection (b); and**

(2) has an ADM (as defined in IC 21-3-1.6-1.1(d)) of not more seven hundred fifty (750); shall be treated as a charter school for purposes of local funding under IC 6-1.1-19 and state funding under IC 21-3.

(d) A pupil who attends a laboratory school full time may not be counted in ADM or ADA by any local school unit when his attendance is not regulated under an agreement. ~~Only laboratory schools with enrollments of seven hundred fifty (750) full-time pupils or less shall qualify for the above described state financial assistance.~~

SECTION 140. IC 21-1-30-2, AS AMENDED BY P.L.111-2002, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. For purposes of computation under this chapter, the following shall be used:

(1) Kindergarten pupils shall be counted as five-tenths (0.5). All other pupils shall be counted as one (1).

(2) The number of pupils shall be the number of pupils used in determining ADM, as defined by IC 21-3-1.6, for the current year.

(3) The staff cost amount for a school corporation is ~~sixty-eight thousand four hundred forty-two dollars ($68,442) for 2002 and~~ sixty-nine thousand eight hundred eleven dollars ($69,811). ~~for 2003.~~

(4) The guaranteed amount for a school corporation is the primetime allocation, before any penalty is assessed under this chapter, that the school corporation would have received under this chapter for the 1999 calendar year.

(5) The at-risk index is the index determined under IC 21-3-1.6-1.1.

(6) The following apply to determine whether amounts received under this chapter have been devoted to reducing class size in kindergarten through grade 3 as required by section 3(b) of this chapter:

(A) Except as permitted under section 5.5 of this chapter, only a licensed teacher who is an actual classroom teacher in a regular instructional program is counted as a teacher.

(B) If a school corporation is granted approval under section 5.5 of this chapter, the school corporation may include as one-third (1/3) of a teacher each classroom instructional aide who meets qualifications and performs duties prescribed by the Indiana state board of education.

(7) The complexity index is the index determined under IC 21-3-1.7-6.7.

SECTION 141. IC 21-1-30-3, AS AMENDED BY P.L.291-2001, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) The amount to be distributed to a school corporation under this chapter is the amount determined by the following formula:

STEP ONE: **For a calendar year ending before January 1, 2004,** determine the applicable target pupil teacher ratio for the school corporation as follows:

(A) If the school corporation's at-risk index is less than seventeen hundredths (0.17), the school corporation's target pupil teacher ratio is eighteen to one (18:1).

(B) If the school corporation's at-risk index is at least seventeen hundredths (0.17) but less than twenty-seven hundredths (0.27), the school corporation's target pupil teacher ratio is fifteen (15) plus the result determined in item (iii):

(i) Determine the result of twenty-seven hundredths (0.27) minus the school corporation's at-risk index.

(ii) Determine the item (i) result divided by one-tenth (0.1).

(iii) Determine the item (ii) result multiplied by three (3).

(C) If the school corporation's at-risk index is at least twenty-seven hundredths (0.27), the school corporation's target pupil teacher ratio is fifteen to one (15:1).

STEP TWO: **For a calendar year beginning after December 31, 2003, determine the applicable target pupil teacher ratio for the school corporation as follows:**

(A) If the school corporation's complexity index is less than one-tenth (0.1), the school corporation's target pupil teacher ratio is eighteen to one (18:1).

(B) If the school corporation's complexity index is at least one-tenth (0.1) but less than two-tenths (0.2), the school corporation's target pupil teacher ratio is fifteen (15) plus the result determined in item (iii):

(i) Determine the result of two-tenths (0.2) minus the school corporation's complexity index.

(ii) Determine the item (i) result divided by one-tenth (0.1).

(iii) Determine the item (ii) result multiplied by three (3).

(C) If the school corporation's complexity index is at least two-tenths (0.2), the school corporation's target pupil teacher ratio is fifteen to one (15:1).

STEP THREE: Determine the result of:

(A) the ADM of the school corporation, as determined under section 2(2) of this chapter, in kindergarten through grade 3 for the current school year; divided by

(B) the school corporation's **applicable** target pupil teacher ratio, as determined in STEP ONE **or STEP TWO.**

STEP ~~THREE:~~ **FOUR:** Determine the result of:

(A) the total regular general fund revenue (the amount determined in ~~STEP ONE of IC 21-3-1.7-8)~~ **IC 21-3-1.7-8.2(b) STEP ONE or IC 21-3-1.7-8.2(c) STEP ONE)** multiplied by seventy-five hundredths (0.75); divided by

(B) the school corporation's total ADM.

STEP ~~FOUR:~~ **FIVE:** Determine the result of:

(A) the STEP ~~THREE~~ **FOUR** result; multiplied by

(B) the ADM of the school corporation, as determined under section 2(2) of this chapter in kindergarten through grade 3 for the current school year.

STEP ~~FIVE:~~ **SIX:** Determine the result of:

(A) the STEP ~~FOUR~~ **FIVE** result; divided by
(B) the staff cost amount.
STEP ~~SIX:~~ **SEVEN:** Determine the greater of zero (0) or the result of:
(A) the STEP ~~TWO~~ **THREE** amount; minus
(B) the STEP ~~FIVE~~ **SIX** amount.
STEP ~~SEVEN:~~ **EIGHT:** Determine the result of:
(A) the STEP ~~SIX~~ **SEVEN** amount; multiplied by
(B) the staff cost amount.
STEP ~~EIGHT:~~ **NINE:** Determine the greater of the STEP ~~SEVEN~~ **EIGHT** amount or the school corporation's guaranteed amount.
STEP ~~NINE:~~ **TEN:** If the amount the school corporation received under this chapter in the previous calendar year is greater than zero (0), determine the lesser of:
(A) the STEP ~~EIGHT~~ **NINE** amount; or
(B) the amount the school corporation received under this chapter for the previous calendar year multiplied by one hundred seven and one-half percent (107.5%).
~~For 2000 calculations, the amount the school corporation received under this chapter for the previous calendar year is the 1999 calendar year allocation, before any penalty was assessed under this chapter.~~

(b) The amount received under this chapter shall be devoted to reducing class size in kindergarten through grade 3. A school corporation shall compile class size data for kindergarten through grade 3 and report the data to the department of education for purposes of maintaining compliance with this chapter.

SECTION 142. IC 21-1-30-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 10. This chapter expires January 1, 2006.**

SECTION 143. IC 21-2-4-7, AS ADDED BY P.L.178-2002, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. (a) The governing body of a school corporation may adopt a resolution to transfer after June 30, 2002, and before January 1, 2003, money that is:

(1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8.2(b)** STEP TWO (C) minus the amount transferred under IC 21-2-11.5-5(a) and IC 21-2-15-13.1(a); and
(2) on deposit in the school corporation's debt service fund;

to the school corporation's general fund for use for any general fund purpose.

(b) The governing body of a school corporation may adopt a resolution to transfer after December 31, 2002, and before July 1, 2003, money that is:

(1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8.2(b)** STEP TWO (D) minus the amount transferred under IC 21-2-11.5-5(b) and IC 21-2-15-13.1(b); and
(2) on deposit in the school corporation's debt service fund;

to the school corporation's general fund for use for any general fund purpose.

(c) This section expires July 1, 2003.

SECTION 144. IC 21-2-4-8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 8. A school corporation may transfer money to or from the debt service fund under IC 21-2-11-4(c).**

SECTION 145. IC 21-2-11-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. **(a)** Any lawful school expenses payable from any other fund of the school corporation, including without limitation debt service and capital outlay, but excluding costs attributable to transportation (as defined in IC 21-2-11.5-2), may be budgeted in and paid from the general fund. **However, after June 30, 2003, and before July 1, 2005, a school corporation may budget for and pay costs attributable to transportation (as defined in IC 21-2-11.5-2) from the general fund.**

(b) In addition, remuneration for athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3) may be budgeted in and paid from the school corporation's general fund.

(c) During the period beginning July 1, 2003, and ending June 30, 2005, school corporation may transfer money in a fund maintained by the school corporation (other than the special education preschool fund (IC 21-2-17-1) or the school bus replacement fund (IC 21-2-11.5-2)) that is obtained from:

(1) a source other than a state distribution or local property taxation; or

(2) a state distribution or a property tax levy that is required to be deposited in the fund; to any other fund. A transfer under subdivision (2) may not be the sole basis for reducing the property tax levy for the fund from which the money is transferred or the fund to which money is transferred. Money transferred under this subsection may be used only to pay costs, including debt service, attributable to reductions in funding for transportation distributions under IC 21-3-3.1, including reimbursements associated with transportation costs for special education and vocational programs under IC 21-3-3.1-4, and ADA flat grants under IC 21-3-4.5. The property tax levy for a fund from which money was transferred may not be increased to replace the money transferred to another fund.

(d) The total amount transferred under subsection (c) may not exceed the following:

(1) For the period beginning July 1, 2003, and ending June 30, 2004, the total amount of state funding received for transportation distributions under IC 21-3-3.1, including reimbursements associated with transportation costs for special education and vocational programs under IC 21-3-3.1-4, and ADA flat grants under IC 21-3-4.5 for the same period.

(2) For the period beginning July 1, 2004, and ending June 30, 2005, the product of:

(A) the amount determined under subdivision (1); multiplied by

(B) two (2).

SECTION 146. IC 21-2-11.5-5, AS ADDED BY P.L.178-2002, SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) The governing body of a school corporation may adopt a resolution to transfer after June 30, 2002, and before January 1, 2003, money that is:

(1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8.2(b)** STEP TWO (C) minus the amount transferred under IC 21-2-4-7(a) and IC 21-2-15-13.1(a); 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 for use for any general fund purpose.

(b) The governing body of a school corporation may adopt a resolution to transfer after December 31, 2002, and before July 1, 2003, money that is:

(1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8.2(b)** STEP TWO (D) minus the amount transferred under IC 21-2-4-7(b) and IC 21-2-15-13.1(b); 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 for use for any general fund purpose.

(c) This section expires July 1, 2003.

SECTION 147. IC 21-2-11.5-6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 6. A school corporation may transfer money to or from the school transportation fund under IC 21-2-11-4(c).**

SECTION 148. IC 21-2-15-4, AS AMENDED BY P.L.144-2002, SECTION 2, IS AMENDED TO

READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. (a) **As used in this subsection, "calendar year distribution" means the sum of:**

(1) all distributions to a school corporation under:

(A) IC 6-1.1-19-1.5;

(B) IC 21-1-30;

(C) IC 21-3-1.7;

(D) IC 21-3-2.1; and

(E) IC 21-3-12;

for the calendar year; plus

(2) plus the school corporation's excise tax revenue (as defined in IC 21-3-1.7-2) for the immediately preceding calendar year.

(b) A school corporation may establish a capital projects fund.

~~(b)~~ **(c)** With respect to any facility used or to be used by the school corporation (other than a facility used or to be used primarily for interscholastic or extracurricular activities, except as provided in subsection ~~(i)),~~ **(j)),** the fund may be used to pay for the following:

(1) Planned construction, repair, replacement, or remodeling.

(2) Site acquisition.

(3) Site development.

(4) Repair, replacement, or site acquisition that is necessitated by an emergency.

~~(c)~~ **(d)** The fund may be used to pay for the purchase, lease, repair, or maintenance of equipment to be used by the school corporation (other than vehicles to be used for any purpose and equipment to be used primarily for interscholastic or extracurricular activities, except as provided in subsection ~~(i)).~~ **(j)).**

~~(d)~~ **(e)** The fund may be used for any of the following purposes:

(1) To purchase, lease, upgrade, maintain, or repair one (1) or more of the following:

(A) Computer hardware.

(B) Computer software.

(C) Wiring and computer networks.

(D) Communication access systems used to connect with computer networks or electronic gateways.

(2) To pay for the services of full-time or part-time computer maintenance employees.

(3) To conduct nonrecurring inservice technology training of school employees.

(4) To fund the payment of advances, together with interest on the advances, from the common school fund for educational technology programs under IC 21-1-5.

(5) To fund the acquisition of any equipment or services necessary:

(A) to implement the technology preparation curriculum under IC 20-10.1-5.6;

(B) to participate in a program to provide educational technologies, including computers, in the homes of students (commonly referred to as "the buddy system project") under IC 20-10.1-25, the 4R's technology program under IC 20-10.1-25, or any other program under the educational technology program described in IC 20-10.1-25; or

(C) to obtain any combination of equipment or services described in clauses (A) and (B).

~~(e)~~ **(f)** The fund may be used to purchase:

(1) building sites;

(2) buildings in need of renovation;

(3) building materials; and

(4) equipment;

for the use of vocational building trades classes to construct new buildings and to remodel existing buildings.

~~(f)~~ **(g)** The fund may be used for leasing or renting of existing real estate, excluding payments authorized under IC 21-5-11 and IC 21-5-12.

~~(g)~~ **(h)** The fund may be used to pay for services of the school corporation employees that are bricklayers, stone masons, cement masons, tile setters, glaziers, insulation workers, asbestos removers, painters, paperhangers, drywall applicators and tapers, plasterers, pipe fitters, roofers, structural and steel workers, metal building assemblers, heating and air conditioning installers, welders, carpenters, electricians, or plumbers, as these occupations are defined in the United States Department of Labor, Employment and Training Administration, Dictionary of Occupational Titles, Fourth Edition, Revised 1991, if:

(1) the employees perform construction of, renovation of, remodeling of, repair of, or maintenance on the facilities and equipment specified in subsections (b) and (c);

(2) the school corporation's total annual salary and benefits paid by the school corporation to employees described in this subsection are at least six hundred thousand dollars ($600,000); and

(3) the payment of the employees described in this subsection is included as part of the proposed capital projects fund plan described in section 5(a) of this chapter.

However, the number of employees that are covered by this subsection is limited to the number of employee positions described in this subsection that existed on January 1, 1993. For purposes of this subsection, maintenance does not include janitorial or comparable routine services normally provided in the daily operation of the facilities or equipment.

~~(h)~~ **(i)** The fund may be used to pay for energy saving contracts entered into by a school corporation under IC 36-1-12.5.

~~(i)~~ **(j)** Money from the fund may be used to pay for the construction, repair, replacement, remodeling, or maintenance of a school sports facility. However, a school corporation's expenditures in a calendar year under this subsection may not exceed five percent (5%) of the property tax revenues levied for the fund in the calendar year.

~~(j)~~ **(k)** Money from the fund may be used to carry out a plan developed under IC 20-10.1-33.

(l) This subsection applies during the period beginning January 1, 2004, and ending December 31, 2005. Money from the fund may be used to pay for up to one hundred percent (100%) of the following costs of a school corporation:

(1) Utility services.

(2) Property or casualty insurance.

(3) Both utility services and property or casualty insurance.

In the 2004 calendar year, a school corporation's expenditures under this subsection may not exceed one percent (1%) of the school corporation's 2003 calendar year distribution. In the 2005 calendar year, a school corporation's expenditures under this subsection may not exceed two percent (2%) of the school corporation's 2003 calendar year distribution.

(m) Notwithstanding subsection (l), a school corporation's expenditures under subsection (l) in the 2004 calendar year may exceed one percent (1%) of the school corporation's 2003 calendar year distribution if the school corporation's 2004 calendar year distribution is less than the school corporation's 2003 calendar year distribution. The amount by which a school corporation's expenditures under subsection (l) in the 2004 calendar year may exceed one percent (1%) of the school corporation's 2003 calendar year distribution is the least of the following:

(1) One percent (1%) of the school corporation's 2003 calendar year distribution.

(2) The greater of zero (0) or the difference between:

(A) the sum of:

(i) the school corporation's calendar year distribution;

(ii) the amount determined for the school corporation under subsection (l); plus

(iii) the amount determined for the school corporation under this subsection, if any;

for the immediately preceding calendar year; minus

(B) the school corporation's calendar year distribution for the calendar year.

(3) The difference between:

(A) one hundred percent (100%) of the school corporation's costs for utility services and property or casualty insurance; minus

(B) the amount determined for the school corporation under subsection (l) for the calendar year.

(n) Notwithstanding subsection (l), a school corporation's expenditures under subsection (l) in the 2005 calendar year may exceed two percent (2%) of the school corporation's 2003 calendar year distribution if the school corporation's 2005 calendar year distribution is less than the school corporation's 2003 calendar year distribution. The amount by which a school corporation's expenditures under subsection (l) in the 2005 calendar year may exceed two percent (2%) of the school corporation's 2003 calendar year distribution is the least of the following:

(1) Two percent (2%) of the school corporation's 2003 calendar year distribution.

(2) The greater of zero (0) or the difference between:

(A) the sum of:

(i) the school corporation's calendar year distribution;

(ii) the amount determined for the school corporation under subsection (l); plus

(iii) the amount determined for the school corporation under this subsection, if any; for the immediately preceding calendar year; minus

(B) the school corporation's calendar year distribution for the calendar year.

(3) The difference between:

(A) one hundred percent (100%) of the school corporation's costs for utility services and property or casualty insurance; minus

(B) the amount determined for the school corporation under subsection (l) for the calendar year.

SECTION 149. IC 21-2-15-5, AS AMENDED BY P.L.177-2002, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) This subsection does not apply to a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000), unless a resolution adopted under IC 6-1.1-17-5.6(d) by the governing body of the school corporation is in effect. Before a governing body may collect property taxes for a capital projects fund in a particular year, the governing body must, after January 1 and not later than September 20 of the immediately preceding year, hold a public hearing on a proposed **or amended** plan and then pass a resolution to adopt ~~a~~ **the proposed or amended** plan.

(b) This subsection applies only to a school corporation that is located in a city having a population of more than one hundred five thousand (105,000) but less than one hundred twenty thousand (120,000). This subsection does not apply to the school corporation if a resolution adopted under IC 6-1.1-17-5.6(d) by the governing body of the school corporation is in effect. Before the governing body of the school corporation may collect property taxes for a capital projects fund in a particular year, the governing body must, after January 1 and on or before February 1 of the immediately preceding year, hold a public hearing on a proposed **or amended** plan and then pass a resolution to adopt ~~a~~ **the proposed or amended** plan.

(c) The department of local government finance shall prescribe the format of the plan. A plan must apply to at least the three (3) years immediately following the year the plan is adopted. A plan must estimate for each year to which it applies the nature and amount of proposed expenditures from the capital projects fund. A plan must estimate:

(1) the source of all revenue to be dedicated to the proposed expenditures in the upcoming calendar year; and

(2) the amount of property taxes to be collected in that year and retained in the fund for expenditures proposed for a later year.

(d) If a hearing is scheduled under subsection (a) or (b), the governing body shall publish the

proposed plan and a notice of the hearing in accordance with IC 5-3-1-2(b).

(e) Subject to any notice and hearing requirements, a school corporation may amend a plan adopted under this chapter to include expenditures under section 4(l), 4(m), or 4(n) of this chapter.

SECTION 150. IC 21-2-15-6, AS AMENDED BY P.L.90-2002, SECTION 443, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. (a) The governing body shall publish a notice of the adoption **or amendment** of ~~the~~ **a** plan in accordance with IC 5-3-1-2(b). This publication must be made no later than twenty (20) days after the county auditor posts and publishes the notice of the school corporation's tax rate for the ensuing calendar year.

(b) In the first year that a plan is proposed, ten (10) or more taxpayers who will be affected by the adopted plan may file a petition with the county auditor of a county in which the school corporation is located not later than ten (10) days after the publication, setting forth their objections to the proposed plan. After the first year a plan is proposed, ten (10) or more taxpayers who will be affected by the adopted plan may file a petition with the county auditor of a county in which the school corporation is located not later than ten (10) days after the publication, setting forth their objections to any item in the proposed plan **or amendment to the plan** that does not concern a construction project that had previously been included in an adopted capital project fund plan. The county auditor shall immediately certify the petition to the department of local government finance.

SECTION 151. IC 21-2-15-11, AS AMENDED BY P.L.178-2002, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 11. (a) **Except as provided in subsection (e),** to provide for the capital projects fund, the governing body may, for each year in which a plan adopted under section 5 of this chapter is in effect, impose a property tax rate that does not exceed forty-one and sixty-seven hundredths cents ($0.4167) on each one hundred dollars ($100) of assessed valuation of the school corporation. This actual rate must be advertised in the same manner as other property tax rates.

(b) The maximum property tax rate levied by each school corporation must be adjusted each time a general reassessment of property takes effect. The adjusted property tax rate becomes the new maximum property tax rate for the levy for property taxes first due and payable in each year:

(1) after the general reassessment for which the adjustment was made takes effect; and

(2) before the next general reassessment takes effect.

(c) The new maximum rate under this section is the tax rate determined under STEP SEVEN of the following formula:

STEP ONE: Determine the maximum rate for the school corporation for the year preceding the year in which the general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value of the taxable property from the year preceding the year the general reassessment takes effect to the year that the general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(d) The department of local government finance shall compute the maximum rate allowed under

subsection (c) and provide the rate to each school corporation.

(e) For a year in which a school corporation uses money from the school corporation's capital projects fund to pay for costs described in section 4(l) of this chapter, the school corporation may impose a property tax rate that exceeds the rate described in subsection (a). The amount by which the property tax rate may exceed the rate described in subsection (a) equals the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the sum of:

(A) the school corporation's expenditures under section 4(l) of this chapter for the calendar year; plus

(B) either:

(i) the school corporation's expenditures under section 4(m) of this chapter for the 2004 calendar year; or

(ii) the school corporation's expenditures under section 4(n) of this chapter for the 2005 calendar year.

STEP TWO: Determine the quotient of:

(A) the STEP ONE amount; divided by

(B) the school corporation's assessed valuation for the year.

STEP THREE: Determine the product of:

(A) the STEP TWO amount; multiplied by

(B) one hundred (100).

SECTION 152. IC 21-2-15-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 12. **(a)** Interest on the capital projects fund, including the fund's pro rata share of interest earned on the investment of total money on deposit, shall be deposited in the fund. However, the governing body may adopt a resolution to transfer any interest earned on money on deposit in the capital projects fund to the school corporation's general fund.

(b) A school corporation may transfer money to or from the capital projects fund under IC 21-2-11-4(c).

SECTION 153. IC 21-2-15-13.1, AS ADDED BY P.L.178-2002, SECTION 93, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13.1. (a) The governing body of a school corporation may adopt a resolution to transfer after June 30, 2002, and before January 1, 2003, money that is:

(1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8.2(b)** STEP TWO (C) minus the amount transferred under IC 21-2-4-7(a) and IC 21-2-11.5-5(a); and

(2) on deposit in the school corporation's capital projects fund;

to the school corporation's general fund for use for any general fund purpose.

(b) The governing body of a school corporation may adopt a resolution to transfer after December 31, 2002, and before July 1, 2003, money that is:

(1) not greater than the remainder of the amount described in ~~IC 21-3-1.7-8~~ **IC 21-3-1.7-8.2(b)** STEP TWO (D) minus the amount transferred under IC 21-2-4-7(b) and IC 21-2-11.5-5(b); and

(2) on deposit in the school corporation's capital projects fund;

to the school corporation's general fund for use for any general fund purpose.

(c) This section expires July 1, 2003.

SECTION 154. IC 21-2-18-3, AS ADDED BY P.L.77-1999, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) Except as provided in subsection (b), the fund may be used for one (1) or more of the purposes described in IC 20-5-62-6(4)(B), IC 20-10.1-25, IC 20-10.1-25.3, or ~~IC 21-2-15-4(d).~~ **IC 21-2-15-4(e).**

(b) Money in the fund may not be used to purchase software programs to be used exclusively for administrative purposes, such as payroll and attendance records, personnel records, administration of insurance or pension programs, or any other similar purpose. However, if a particular software program is to be used for administrative purposes and for other purposes described in subsection (a),

a portion of the cost of the software program may be paid from the fund. The portion of the cost that may be paid from the fund is the total cost of the software program multiplied by the estimated percentage of use of the software program for nonadministrative purposes.

SECTION 155. IC 21-2-18-4, AS AMENDED BY P.L.86-2000, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. Before February 15 of 2001 and each year thereafter, each school corporation shall file a report with the superintendent of public instruction's special assistant for technology. The report must be prepared in the form prescribed by the special assistant for technology and must include a list of expenditures made by the school corporation during the preceding calendar year from the school corporation's:

(1) school technology fund for purposes described in this chapter;

(2) capital projects fund for purposes described in ~~IC 21-2-15-4(d);~~ **IC 21-2-15-4(e);** and

(3) debt service fund for purposes of providing financing for any equipment or facilities used to provide educational technology programs.

Before April 1 of 2001 and each year thereafter, the special assistant for technology shall compile the information contained in the reports required by this section and present that compilation to the educational technology council.

SECTION 156. IC 21-3-1.6-1.1, AS AMENDED BY P.L.111-2002, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1.1. As used in this chapter:

(a) "School corporation" means any local public school corporation established under Indiana law.

(b) "School year" means a year beginning July 1 and ending the next succeeding June 30.

(c) "State distribution" due a school corporation means the amount of state funds to be distributed to a school corporation in any calendar year under this chapter.

(d) "Average daily membership" or "ADM" of a school corporation means the number of eligible pupils enrolled in the school corporation or in a transferee corporation on a day to be fixed annually by the Indiana state board of education ~~Such~~ **and, beginning in the school year that ends in the 2005 calendar year, as subsequently adjusted not later than January 30 under the rules adopted by the state board of education. The initial** day **of the count** shall fall within the first thirty (30) days of the school term. If, however, extreme patterns of student in-migration, illness, natural disaster, or other unusual conditions in a particular school corporation's enrollment on **either** the ~~particular~~ day ~~thus~~ fixed **by the Indiana state board of education or on the subsequent adjustment date,** cause the enrollment to be unrepresentative of the school corporation's enrollment throughout a school year, the Indiana state board of education may designate another day for determining the school corporation's enrollment. The Indiana state board of education shall monitor changes that occur after the fall count, in the number of students enrolled in programs for children with disabilities and shall, before December 2 of that same year **and, beginning in the 2004 calendar year, before April 2 of the following calendar year,** make an adjusted count of students enrolled in programs for children with disabilities. The superintendent of public instruction shall certify the **December** adjusted count to the budget committee before February 5 of the following year **and the April adjusted count not later than May 31 immediately after the date of the April adjusted count.** In determining the ADM, each kindergarten pupil shall be counted as one-half (1/2) pupil. Where a school corporation commences kindergarten in a school year, the ADM of the current and prior calendar years shall be adjusted to reflect the enrollment of the kindergarten pupils. In determining the ADM, each pupil enrolled in a public school and a nonpublic school is to be counted on a full-time equivalency basis as provided in section 1.2 of this chapter. ~~"Current ADM" of a school corporation, used in computing its state distribution in a calendar year means the ADM of the school year ending in the calendar year. "ADM of the previous year" or "ADM of the prior year" of a school corporation used in computing its state distribution in a calendar year means the ADM of the school corporation for the school year ending in the preceding calendar year.~~

(e) "Additional count" of a school corporation, or comparable language, means the aggregate of the additional counts of the school corporation for certain pupils as set out in section 3 of this chapter

(repealed) and as determined at the times for calculating ADM. "Current additional count" means the **initial computed** additional count of the school corporation for the school year ending in the calendar year. "Prior year additional count" of a school corporation used in computing its state distribution in a calendar year means the **initial computed** additional count of the school corporation for the school year ending in the preceding calendar year.

(f) "Adjusted assessed valuation" of any school corporation used in computing state distribution for a calendar year means the assessed valuation in the school corporation, adjusted as provided in IC 6-1.1-34. The amount of the valuation shall also be adjusted downward by the department of local government finance to the extent it consists of real or personal property owned by a railroad or other corporation under the jurisdiction of a federal court under the federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation being involved in a bankruptcy proceeding the corporation is delinquent in payment of its Indiana real and personal property taxes for the year to which the valuation applies. If the railroad or other corporation in some subsequent calendar year makes payment of the delinquent taxes, then the state superintendent of public instruction shall prescribe adjustments in the distributions of state funds pursuant to this chapter as are thereafter to become due to a school corporation affected by the delinquency as will ensure that the school corporation will not have been unjustly enriched under the provisions of P.L.382-1987(ss). The amount of the valuation shall also be adjusted downward by the department of local government finance to the extent it consists of real or personal property described in IC 6-1.1-17-0.5(b).

(g) "General fund" means a school corporation fund established under IC 21-2-11-2.

(h)"Teacher" means every person who is required as a condition of employment by a school corporation to hold a teacher's license issued or recognized by the state, except substitutes and any person paid entirely from federal funds.

(i) "Teacher ratio" of a school corporation used in computing state distribution in any calendar year means the ratio assigned to the school corporation pursuant to section 2 of this chapter.

(j) "Eligible pupil" means a pupil enrolled in a school corporation if:

(1) the school corporation has the responsibility to educate the pupil in its public schools without the payment of tuition;

(2) subject to subdivision (5), the school corporation has the responsibility to pay transfer tuition under IC 20-8.1-6.1, because the pupil is transferred for education to another school corporation (the "transferee corporation");

(3) the pupil is enrolled in a school corporation as a transfer student under IC 20-8.1-6.1-3 or entitled to be counted for ADM or additional count purposes as a resident of the school corporation when attending its schools under any other applicable law or regulation;

(4) the state is responsible for the payment of transfer tuition to the school corporation for the pupil under IC 20-8.1-6.1; or

(5) all of the following apply:

(A) The school corporation is a transferee corporation.

(B) The pupil does not qualify as a qualified pupil in the transferee corporation under subdivision (3) or (4).

(C) The transferee corporation's attendance area includes a state licensed private or public health care facility, child care facility, or foster family home where the pupil was placed:

(i) by or with the consent of the division of family and children;

(ii) by a court order;

(iii) by a child placing agency licensed by the division of family and children; or

(iv) by a parent or guardian under IC 20-8.1-6.1-5.

(k) "General fund budget" of a school corporation means the amount of the budget approved for a given year by the department of local government finance and used by the department of local government finance in certifying a school corporation's general fund tax levy and tax rate for the school corporation's general fund as provided for in IC 21-2-11.

(l) "At risk index" means the sum of:

(1) the product of sixteen-hundredths (0.16) multiplied by the percentage of families in the school corporation with children who are less than eighteen (18) years of age and who have a family income below the federal income poverty level (as defined in IC 12-15-2-1);

(2) the product of four-tenths (0.4) multiplied by the percentage of families in the school corporation with a single parent; and

(3) the product of forty-four hundredths (0.44) multiplied by the percentage of the population in the school corporation who are at least twenty (20) years of age with less than a twelfth grade education.

The data to be used in making the calculations under this subsection must be the data from the 1990 federal decennial census.

(m) "ADM of the previous year" or "ADM of the prior year" used in computing a state distribution in a calendar year means the initial computed ADM for the school year ending in the preceding calendar year.

(n) "Current ADM" used in computing a state distribution in a calendar year means the initial computed ADM for the school year ending in the calendar year.

SECTION 157. IC 21-3-1.7-3.1, AS AMENDED BY P.L.1-2003, SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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 award; ~~and~~

(F) ~~for 2001 and thereafter,~~ the primetime distribution; **and**

(G) for 2005 and thereafter, the supplemental remediation grant;

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) and 5(2) 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~~ **8.2** of this chapter, STEP TWO (C); plus

(7) in calendar year 2004, the amount determined for calendar year 2002 under section ~~8~~ **8.2** of this chapter, STEP TWO (D); **plus**

(8) notwithstanding subdivision (1), in calendar year 2004, the school corporation's distribution under section 9.7 of this chapter for calendar year 2003.

(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 158. IC 21-3-1.7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. As used in this chapter, "tuition support" with respect to a school corporation for a year means the total amount of state tuition support the school corporation actually received in that year for basic programs under section ~~8~~ **8.2** of this chapter.

SECTION 159. IC 21-3-1.7-6.6, AS AMENDED BY P.L.291-2001, SECTION 92, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6.6. **(a)** For purposes of this chapter, a school corporation's "adjusted ADM" for the current year is the result determined under the following formula:

STEP ONE: Determine the greatest of the following:

(A) The school corporation's ADM for the year preceding the current year by three (3) years.

(B) The school corporation's ADM for the year preceding the current year by two (2) years.

(C) The school corporation's ADM for the year preceding the current year by one (1) year.

(D) The school corporation's ADM for the current year.

STEP TWO: Determine the greater of zero (0) or the result of:

(A) the school corporation's ADM for the year preceding the current year by four (4) years; minus

(B) the STEP ONE amount.

STEP THREE: Determine the greatest of the following:

(A) The school corporation's ADM for the year preceding the current year by two (2) years.

(B) The school corporation's ADM for the year preceding the current year by one (1) year.

(C) The school corporation's ADM for the current year.

STEP FOUR: Determine the greater of zero (0) or the result of:

(A) the school corporation's ADM for the year preceding the current year by three (3) years; minus

(B) the STEP THREE amount.

STEP FIVE: Determine the greater of the following:

(A) The school corporation's ADM for the year preceding the current year by one (1) year.

(B) The school corporation's ADM for the current year.

STEP SIX: Determine the greater of zero (0) or the result of:

(A) the school corporation's ADM for the year preceding the current year by two (2) years; minus

(B) the STEP FIVE amount.

STEP SEVEN: Determine the greater of zero (0) or the result of:

(A) the school corporation's ADM for the year preceding the current year by one (1) year; minus

(B) the school corporation's ADM for the current year.

STEP EIGHT: Determine the sum of the following:

(A) The STEP TWO result multiplied by two-tenths (0.2).

(B) The STEP FOUR result multiplied by four-tenths (0.4).

(C) The STEP SIX result multiplied by six-tenths (0.6).

(D) The STEP SEVEN result multiplied by eight-tenths (0.8).

STEP NINE: Determine the result of:

(A) the school corporation's ADM for the current year; plus

(B) the STEP EIGHT result.

STEP TEN: This STEP applies to a school corporation for which the amount determined under STEP EIGHT is zero (0). Determine the sum of:

(A) the school corporation's ADM for the 2003 school year; plus

(B) the subsection (b) or (c) result, whichever is applicable.

Round the result to the nearest five-tenths (0.5).

(b) This subsection applies during the 2004 calendar year to a school corporation described in subsection (a) STEP TEN. Determine the result under the following formula:

STEP ONE: Determine the difference between:

(A) the school corporation's ADM for the 2004 school year; minus

(B) the school corporation's ADM for the 2003 school year.

STEP TWO: Determine the greater of zero (0) or the STEP ONE amount.

STEP THREE: Determine the product of:

(A) the STEP TWO amount; multiplied by

(B) two-thousandths (0.002).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE amount.

(B) Seventy-five hundredths (0.75).

STEP FIVE: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the STEP FOUR amount.

(c) This subsection applies during the 2005 calendar year to a school corporation described in subsection (a) STEP TEN. Determine the result under the following formula:

STEP ONE: Determine the difference between:

(A) the school corporation's ADM for the 2005 school year; minus

(B) the school corporation's ADM for the 2004 school year.

STEP TWO: Determine the greater of zero (0) or the STEP ONE amount.

STEP THREE: Determine the product of:

(A) the STEP TWO amount; multiplied by

(B) two-thousandths (0.002).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE amount.

(B) Seventy-five hundredths (0.75).

STEP FIVE: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the STEP FOUR amount.

STEP SIX: Determine the subsection (b) amount.

STEP SEVEN: Determine the sum of:

(A) the STEP FIVE result; plus

(B) the STEP SIX result.

SECTION 160. IC 21-3-1.7-6.7, AS AMENDED BY P.L.111-2002, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6.7. (a) **This subsection applies during the 2003 calendar year.** For each school corporation, the index used in subsection ~~(b)~~ **(c)** is determined under the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of the following:

(1) Multiply the school corporation's at risk index by ~~twenty-three hundredths (0.23) in 2002 and~~ twenty-five hundredths (0.25). ~~in 2003.~~

(2) Divide the result under subdivision (1) by three thousand seven hundred thirty-six ten-thousandths (0.3736).

(3) Subtract ~~three hundred sixty-four ten-thousandths (0.0364) in 2002 and~~ three hundred ninety-five ten-thousandths (0.0395) ~~in 2003~~ from the result under subdivision (2).

STEP TWO: Determine the greater of zero (0) or the result of the following:

(1) Multiply the percentage of the school corporation's students who were eligible for free lunches in the school year ending in 2001 by ~~twenty-three hundredths (0.23) in 2002 and~~ twenty-five hundredths (0.25). ~~in 2003.~~

(2) Divide the result under subdivision (1) by seven hundred twenty-three thousandths (0.723).

STEP THREE: Determine the greater of zero (0) or the result of the following:

(1) Multiply the percentage of the school corporation's students who were classified as limited English proficient in the school year ending in 2000 by ~~twenty-three hundredths (0.23) in 2002 and~~ twenty-five hundredths (0.25). ~~in 2003.~~

(2) Divide the result under subdivision (1) by one thousand seven hundred fifteen ten-thousandths (0.1715).

STEP FOUR: Determine the result of:

(1) the sum of the results in STEPS ONE through THREE; divided by

(2) three (3).

STEP FIVE: Determine the result of one (1) plus the STEP FOUR result.

(b) **This subsection applies to calendar years beginning after December 31, 2003. For each school corporation, the index used in subsection (d) is determined under the following STEPS:**

STEP ONE: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of the population in the school corporation who are at least twenty (20) years of age with less than a twelfth grade education.

(2) Determine the quotient of:

(A) eight hundred seventy dollars ($870) in 2004 and nine hundred seventy dollars ($970) in 2005; divided by

(B) four thousand three hundred fifty dollars ($4,350) in 2004 and four thousand three hundred sixty-eight dollars ($4,368) in 2005.

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

STEP TWO: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of the school corporation's students who were eligible for free lunches in the school year ending in 2003.

(2) Determine the quotient of:

(A) one thousand one hundred dollars ($1,100) in 2004 and one thousand two hundred dollars ($1,200) in 2005; divided by

(B) four thousand three hundred fifty dollars ($4,350) in 2004 and four thousand three hundred sixty-eight dollars ($4,368) in 2005.

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

STEP THREE: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of the school corporation's students who were classified as limited English proficient in the school year ending in 2003.

(2) Determine the quotient of:

(A) three hundred ten dollars ($310) in 2004 and four hundred thirty dollars ($430) in 2005; divided by

(B) four thousand three hundred fifty dollars ($4,350) in 2004 and four thousand three hundred sixty-eight dollars ($4,368) in 2005.

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

STEP FOUR: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of families in the school corporation with a single parent.

(2) Determine the quotient of:

(A) four hundred forty dollars ($440) in 2004 and five hundred thirty dollars ($530) in 2005; divided by

(B) four thousand three hundred fifty dollars ($4,350) in 2004 and four thousand three hundred sixty-eight dollars ($4,368) in 2005.

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

STEP FIVE: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of families in the school corporation with children who are less than eighteen (18) years of age and who have a family income level below the federal income poverty level (as defined in IC 12-15-2-1).

(2) Determine the quotient of:

(A) two hundred twenty dollars ($220) in 2004 and three hundred thirty dollars ($330) in 2005; divided by

(B) four thousand three hundred fifty dollars ($4,350) in 2004 and four thousand three hundred sixty-eight dollars ($4,368) in 2005.

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

STEP SIX: Determine the sum of the results in STEPS ONE through FIVE.

STEP SEVEN: Determine the result of one (1) plus the STEP SIX result.

STEP EIGHT: This STEP applies if the STEP SEVEN result is equal to or greater than one and twenty-five hundredths (1.25). Determine the result of the following:

(1) Determine the STEP TWO (1) amount for the school corporation.

(2) Determine the quotient of:

(A) one hundred fifty dollars ($150); divided by

(B) four thousand three hundred fifty dollars ($4,350) in 2004 and four thousand three hundred sixty-eight dollars ($4,368) in 2005.

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

(4) Determine the STEP FIVE (1) amount for the school corporation.

(5) Determine the product of:

(A) the subdivision (4) amount; multiplied by

(B) the subdivision (2) amount.

(6) Determine the result of:

(A) the subdivision (3) result; plus

(B) the subdivision (5) result.

(7) Determine the result of:

(A) the STEP SEVEN result; plus

(B) the subdivision (6) result.

The data to be used in making the calculations under STEP ONE, STEP FOUR, and STEP FIVE of this subsection must be the data from the 2000 federal decennial census.

(c) This subsection applies to calendar years ending before January 1, 2004. A school corporation's target revenue per ADM for a calendar year is the result determined under STEP SIX of the following formula:

STEP ONE: Determine the result under clause (B) of the following formula:

(A) Determine the result of:

(i) ~~four thousand four hundred forty dollars ($4,440) in 2002 and~~ four thousand five hundred sixty dollars ($4,560); ~~in 2003;~~ multiplied by

(ii) the index determined for the school corporation under subsection (a).

(B) Multiply the clause (A) result by the school corporation's adjusted ADM for the current year.

STEP TWO: Divide the school corporation's previous year revenue by the school corporation's adjusted ADM for the previous year.

STEP THREE: Multiply the subsection (a) STEP FIVE result by the following:

(A) If the STEP TWO result is not more than ~~(i) four thousand four hundred forty dollars ($4,440) in 2002; and (ii)~~ four thousand five hundred sixty dollars ($4,560), ~~in 2003;~~ multiply by ninety dollars ($90).

(B) If the STEP TWO result is ~~(i) more than four thousand four hundred forty dollars ($4,440) and not more than five thousand five hundred twenty-five dollars ($5,525) in 2002; or (ii)~~ more than four thousand five hundred sixty dollars ($4,560) and not more than five thousand eight hundred twenty-five dollars ($5,825), ~~in 2003;~~ multiply by the result under clause (C).

(C) Determine the result of:

(i) The STEP TWO result minus ~~four thousand four hundred forty dollars ($4,440) in 2002 and~~ four thousand five hundred sixty dollars ($4,560). ~~in 2003.~~

(ii) Divide the item (i) result by ~~one thousand eighty-five dollars ($1,085) in 2002 and~~ one thousand two hundred sixty-five dollars ($1,265). ~~in 2003.~~

(iii) Multiply the item (ii) result by forty dollars ($40).

(iv) Subtract the item (iii) result from ninety dollars ($90).

(D) If the STEP TWO result is more than ~~(i) five thousand five hundred twenty-five dollars ($5,525) in 2002; and (ii)~~ five thousand eight hundred twenty-five dollars ($5,825), ~~in 2003;~~ multiply by fifty dollars ($50).

STEP FOUR: Add the STEP TWO result and the STEP THREE result.

STEP FIVE: Determine the greatest of the following:

(A) Multiply the STEP FOUR result by the school corporation's adjusted ADM for the current year.

(B) Multiply the school corporation's previous year revenue by one and two-hundredths (1.02).

(C) The STEP ONE amount.

STEP SIX: Divide the STEP FIVE amount by the school corporation's adjusted ADM for the current year.

(d) This subsection applies to calendar years beginning after December 31, 2003. A school corporation's target revenue per ADM for a calendar year is the result determined under STEP EIGHT of the following formula:

STEP ONE: Determine the result under clause (B) of the following formula:

(A) Determine the result of:

(i) four thousand three hundred fifty dollars ($4,350) in 2004 and four thousand three hundred sixty-eight dollars ($4,368) in 2005; multiplied by

(ii) the index determined for the school corporation under subsection (b).

(B) Multiply the clause (A) result by the school corporation's adjusted ADM for the current year.

STEP TWO: Determine the result under the following formula:

(A) Determine the quotient of:

(i) the school corporation's previous year revenue; divided by

(ii) the school corporation's ADM for the previous year.

(B) Determine the product of:

(i) the clause (A) amount; multiplied by

(ii) one and two-hundredths (1.02).

(C) Determine the product of:

(i) the clause (B) amount; multiplied by
(ii) the school corporation's current ADM.
STEP THREE: Determine the result under the following formula:
(A) Determine the product of:
(i) the STEP TWO clause (A) amount; multiplied by
(ii) ninety-eight hundredths (0.98).
(B) Determine the product of:
(i) the clause (A) amount; multiplied by
(ii) the school corporation's current ADM.
STEP FOUR: Determine the lesser of:
(A) the STEP ONE amount; or
(B) the STEP TWO amount.
STEP FIVE: Determine the greater of:
(A) the STEP THREE amount; or
(B) the STEP FOUR amount.
STEP SIX: Divide the school corporation's previous year revenue by the school corporation's adjusted ADM for the previous year.
STEP SEVEN: Determine the product of:
(A) the STEP SIX result; multiplied by
(B) the school corporation's current adjusted ADM.
STEP EIGHT: Determine the greatest of the following:
(A) The product of:
(i) the school corporation's previous year revenue; multiplied by
(ii) one and one-hundredth (1.01).
(B) The STEP FIVE amount.
(C) The STEP SEVEN amount.
STEP NINE: Determine the quotient of:
(A) the STEP EIGHT amount; divided by
(B) the school corporation's current adjusted ADM.

SECTION 161. IC 21-3-1.7-6.8, AS AMENDED BY P.L.85-2002, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6.8. **(a) This subsection does not apply 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 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)~~ **6.7(c)** of this chapter minus the result determined in STEP ONE of the formula in section ~~6.7(b)~~ **6.7(c)** 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)~~ **6.7(c)** of this chapter from the amount determined in STEP FIVE of the formula in section ~~6.7(b)~~ **6.7(c)** 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)~~ **6.7(c)** of this chapter is equal to STEP ONE of the formula in section ~~6.7(b)~~ **6.7(c)** 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 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

if applicable, the STEP ONE or STEP TWO result.

(b) This subsection applies to calendar years beginning after December 31, 2004. 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 FOUR of the following formula:

STEP ONE: Determine the amount determined for the school corporation in STEP ONE of the formula in section 6.7(d) of this chapter.

STEP TWO: This STEP applies only if the amount determined in STEP EIGHT of the formula in section 6.7(d) of this chapter minus the STEP ONE result is greater than zero (0). Determine the result under clause (E) of the following formula:

(A) Divide the school corporation's 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) Forty-three dollars and sixty-five cents ($43.65).

(D) Determine the result determined under item (ii) of the following formula:

(i) Subtract the STEP ONE result from the amount determined in STEP EIGHT of the formula in section 6.7(d) 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 THREE: This STEP applies only if the amount determined in STEP EIGHT of the formula in section 6.7(d) of this chapter is equal to the STEP ONE result 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 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.

(B) Divide the clause (A) result by the school corporation's current ADM.

(C) Divide the school corporation's 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) Forty-three dollars and sixty-five cents ($43.65).

(F) Divide the clause (B) result by the clause (E) amount.

(G) Divide the clause (F) result by one hundred (100).

STEP FOUR: Determine the sum of sixty-three and seven-tenths cents ($0.637) and, if applicable, the STEP TWO or STEP THREE result.

(c) For the calendar year beginning January 1, 2004, and ending December 31, 2004, a school corporation's general fund ad valorem property tax levy is determined under IC 6-1.1-19-1.5(g).

SECTION 162. IC 21-3-1.7-8.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 8.2. (a) As used in this section, "transfer amount" means the product of:**

(1) a school corporation's assessed valuation for calendar year 2002 divided by one hundred (100); multiplied by

(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).

(b) This subsection applies to calendar years ending before January 1, 2004. 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(c) 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(c) of this chapter, determine the sum of:

(i) the school corporation's result under STEP ONE of section 6.7(c) 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

(iii) 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 sum of:

(A) the school corporation's tuition support levy;

(B) the school corporation's excise tax revenue for the year that precedes the current year by one (1) year;
(C) for the last six (6) months of calendar year 2002, the school corporation's transfer amount; plus
(D) for the first six (6) months of calendar year 2003, the school corporation's transfer amount.
STEP THREE: Determine the difference between:
(A) the STEP ONE amount; minus
(B) the STEP TWO amount.
(c) This subsection applies to calendar years beginning after December 31, 2003. 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 EIGHT of section 6.7(d) 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(d) of this chapter, determine the sum of:
(i) the school corporation's result under STEP ONE of section 6.7(f) 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
(iii) 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 sum of:
(A) the school corporation's tuition support levy; plus
(B) the school corporation's excise tax revenue for the year that precedes the current year by one (1) year.
STEP THREE: Determine the difference between:
(A) the STEP ONE amount; minus
(B) the STEP TWO amount.
(d) 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 163. IC 21-3-1.7-9, AS AMENDED BY P.L.178-2002, SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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~~ **8.2** 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, **for supplemental remediation grants under section 9.9 of this chapter,** for primetime distributions under IC 21-1-30, for special education grants under IC 21-3-2.1, and for vocational education grants under IC 21-3-12 for a particular year, exceeds:

(1) three billion ~~three~~ **five** hundred ~~sixty-three~~ **eighty** million ~~four hundred thousand~~ dollars ~~($3,363,400,000)~~ **($3,580,000,000)** in ~~2001;~~ **2003;**

(2) three billion ~~four~~ **six** hundred ~~thirty-seven~~ **seventy-six** million ~~one hundred thousand~~ dollars ~~($3,437,100,000)~~ **($3,676,000,000)** in ~~2002;~~ **2004;** and

(3) three billion ~~five~~ **seven** hundred ~~thirty-six~~ **twenty-one** million ~~five hundred thousand~~ dollars ~~($3,536,500,000)~~ **($3,721,000,000)** in ~~2003;~~ **2005;**

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 164. IC 21-3-1.7-9.5, AS AMENDED BY P.L.93-2000, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9.5. (a) In addition to the distribution under sections ~~8,~~ **8.2,** 9.7, ~~and~~ 9.8, **and 9.9** of this chapter, a school corporation is eligible for an enrollment adjustment grant if the school corporation's:

(1) current ADM minus the school corporation's previous year ADM is at least two hundred fifty (250); or

(2) current ADM divided by the school corporation's previous year ADM is at least one and five-hundredths (1.05).

(b) The amount of the enrollment adjustment grant is the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the school corporation's target revenue per ADM divided by three (3).

STEP TWO: Determine the result of the school corporation's current ADM minus the school corporation's previous year ADM.

STEP THREE: Multiply the STEP ONE result by the STEP TWO result.

(c) Notwithstanding any other provision, for purposes of computing the amount of a grant under this section, "ADM" does not include an eligible pupil who is described in IC 21-3-1.6-1.2(a).

SECTION 165. IC 21-3-1.7-9.7, AS AMENDED BY P.L.291-2001, SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9.7. In addition to the distributions under sections ~~8,~~ **8.2,** 9.5, ~~and~~ 9.8, **and 9.9** of this chapter for 1997 and thereafter, a school corporation is eligible for an amount for at-risk programs in the amount determined in STEP SIX of the following formula:

STEP ONE: Determine the greater of the following:

(A) The result determined under item (ii) of the following formula:

(i) Determine the result of the school corporation's at-risk index minus two-tenths (0.2).

(ii) Multiply the item (i) result by seven-hundredths (0.07).

(B) Zero (0).

STEP TWO: Determine the greater of the following:

(A) The result determined under item (ii) of the following formula:

(i) Determine the result of the school corporation's at-risk index minus fifteen-hundredths (0.15).

(ii) Multiply the item (i) result by eighteen-hundredths (0.18).

(B) Zero (0).

STEP THREE: Determine the result under clause (B) of the following formula:

(A) Determine the lesser of:

(i) the school corporation's at-risk index; or

(ii) fifteen-hundredths (0.15).

(B) Multiply the clause (A) result by one hundredth (0.01).

STEP FOUR: Add the STEP ONE result, the STEP TWO result, and the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR sum by the school corporation's current ADM. Round the result to the nearest one-hundredth (0.01).

STEP SIX: Multiply the STEP FIVE product by ~~three thousand five hundred ninety-two dollars~~

~~($3,592) in 2002 and~~ three thousand six hundred sixty-four dollars ($3,664) in 2003 **and zero dollars ($0) in calendar years beginning after December 31, 2003.**

SECTION 166. IC 21-3-1.7-9.8, AS AMENDED BY P.L.291-2001, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9.8. (a) In addition to the distributions under sections ~~8,~~ **8.2,** 9.5, ~~and~~ 9.7, **and 9.9** of this chapter, a school corporation is eligible for an honors diploma award in the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the number of the school corporation's eligible pupils who successfully completed an academic honors diploma program in the school year ending in the previous calendar year.

STEP TWO: Multiply the STEP ONE amount by

~~(1) nine hundred forty-four dollars ($944) in 2002; and~~

~~(2)~~ nine hundred sixty-three dollars ($963). ~~in 2003.~~

~~(b)~~ **(c)** Each year the governing body of a school corporation may use the money that the school corporation receives for an honors diploma award under this section to give ~~nine hundred forty-four dollars ($944) in 2002 and~~ nine hundred sixty-three dollars ($963)~~ in 2003~~ to each eligible pupil in the school corporation who successfully completes an academic honors diploma program in the school year ending in the previous calendar year.

SECTION 167. IC 21-3-1.7-9.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 9.9. In addition to the distributions under sections 8.2, 9.5, 9.7, and 9.9 of this chapter, a school corporation is eligible for a supplemental remediation grant in the amount determined under STEP TWO of the following formula:**

STEP ONE: Determine the product of:

(A) the percentage of the ISTEP tests administered by the school corporation during the school year beginning in the 2002 calendar year for which the students who were given the test scored below the academic standards set for the test; multiplied by

(B) the school corporation's current ADM.

STEP TWO: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) either:

(i) in calendar year 2004, forty-seven dollars and eighty-five cents ($47.85); or

(ii) in calendar year 2005, ninety-five dollars and seventy cents ($95.70).

SECTION 168. IC 21-3-1.7-10, AS AMENDED BY P.L.291-2001, SECTION 99, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 10. This chapter expires January 1, ~~2004.~~ **2006.**

SECTION 169. IC 21-3-2.1-7, AS ADDED BY P.L.111-2002, SECTION 9 AND P.L.178-2002, SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. The amount of the grant that a school corporation is entitled to receive for special education programs is equal to:

(1) the nonduplicated count of pupils in programs for severe disabilities multiplied by ~~(A) eight thousand forty-five dollars ($8,045) in 2002; and (B)~~ eight thousand two hundred forty-six dollars ($8,246); ~~in 2003;~~ plus

(2) the nonduplicated count of pupils in programs of mild and moderate disabilities multiplied by ~~(A) two thousand one hundred eighty-three dollars ($2,183) in 2002; and (B)~~ two thousand two hundred thirty-eight dollars ($2,238); ~~in 2003;~~ plus

(3) the duplicated count of pupils in programs for communication disorders multiplied by ~~(A) five hundred eighteen dollars ($518) in 2002; and (B)~~ five hundred thirty-one dollars ($531); ~~in 2003;~~ plus

(4) the cumulative count of pupils in homebound programs multiplied by ~~(A) five hundred eighteen dollars ($518) in 2002; and (B)~~ five hundred thirty-one dollars ($531). ~~in 2003.~~

SECTION 170. IC 21-3-2.1-10, AS ADDED BY P.L.111-2002, SECTION 9 AND P.L.178-2002,

SECTION 97, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 10. This chapter expires January 1, ~~2004.~~ **2006.**

SECTION 171. IC 21-3-12-12, AS AMENDED BY P.L.291-2001, SECTION 107, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 12. This chapter expires January 1, ~~2004.~~ **2006.**

SECTION 172. IC 21-3-1.7-8 IS REPEALED [EFFECTIVE JULY 1, 2003].

SECTION 173. P.L.291-2001, SECTION 101, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: SECTION 101. (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 (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 under the following:

(A) 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) Divide the clause (A) result by three (3).

(C) Multiply the clause (B) 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).~~ **For 2005, the product of:**

(A) the reduction amount under subdivision (3) divided by three (3); multiplied by

(B) one and three-hundredths (1.03).

(5) For 2006 and 2007, the product of:

(A) the reduction amount under subdivision (4) divided by three (3); multiplied by

(B) one and one-hundredth (1.01).

(b) This SECTION expires January 1, ~~2005.~~ **2008.**

SECTION 174. [EFFECTIVE JULY 1, 2003] **(a) The definitions in IC 20-5.5-1 apply throughout this SECTION.**

(b) This SECTION applies to the period beginning January 1, 2004, and ending December 31, 2004. Total distributions of tuition support and other state funds under IC 20-5.5-7-3(b) to all organizers may not exceed twenty million two hundred fifty thousand dollars ($20,250,000). If total distributions of tuition support and other state funds under IC 20-5.5-7-3(b) to all organizers exceed twenty million two hundred fifty thousand dollars ($20,250,000), the

department shall prorate the distribution of tuition support and other state funds under IC 20-5.5-7-3(b) to each organizer based on the enrollment of the organizer's charter school.

(c) This SECTION applies to the period beginning January 1, 2005, and ending December 31, 2005. Total distributions of tuition support and other state funds under IC 20-5.5-7-3(b) to all organizers may not exceed twenty million two hundred fifty thousand dollars ($20,250,000). If total distributions of tuition support and other state funds under IC 20-5.5-7-3(b) to all organizers exceed twenty million two hundred fifty thousand dollars ($20,250,000), the department shall prorate the distribution of tuition support and other state funds under IC 20-5.5-7-3(b) to each organizer based on the enrollment of the organizer's charter school.

SECTION 175. [EFFECTIVE JULY 1, 2003] **(a) This SECTION applies only to Madison Consolidated Schools.**

(b) As used in this SECTION, "department" means the department of education.

(c) The tuition support determined under IC 21-3-1.7-8 for the school corporation for the period beginning January 1, 2004, and ending December 31, 2004, shall be increased by the amount determined under the last of the following STEPS:

STEP ONE: For the period beginning January 1, 2000, and ending December 31, 2000, determine the school corporation's revenue under IC 21-3-1.7-3.1 without regard to IC 21-3-1.6-1.2.

STEP TWO: For the period beginning January 1, 2000, and ending December 31, 2000, determine the school corporation's revenue under IC 21-3-1.7-3.1, applying IC 21-3-1.6-1.2.

STEP THREE: Determine the difference between:

(A) the STEP ONE amount; and

(B) the STEP TWO amount.

STEP FOUR: Determine the reduction amount for the school corporation under P.L. 291-2001(a)(1) STEP THREE.

STEP FIVE: Determine the difference between:

(A) the STEP FOUR amount; minus

(B) the STEP THREE amount.

(d) This SECTION expires January 1, 2005.

SECTION 176. P.L.292-2002(ss), SECTION 209 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002 (RETROACTIVE)]: SECTION 209. (a) Notwithstanding P.L.291-2001, SECTION 38, the appropriation from the build Indiana fund FOR THE BUDGET AGENCY, twenty-first century research and technology fund for the biennium is zero dollars ($0) and not fifty million dollars ($50,000,000).

(b) There is appropriated to the twenty-first century technology research and technology fund from the state general fund fifteen million dollars ($15,000,000) for the period beginning July 1, 2002, and ending June 30, 2003. The appropriation made by this section does not revert to the state general fund at the end of any state fiscal year.

~~(c) There is appropriated to the twenty-first century technology research and technology fund from the state general fund fifteen million dollars ($15,000,000) for the period beginning July 1, 2003, and ending June 30, 2004. The appropriation made by this section does not revert to the state general fund at the end of any state fiscal year.~~

SECTION 177. IC 4-4-9.3 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

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 Indiana 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 a state fiscal year does not revert to the state 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, a commercial, an agricultural, or a 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 Indiana rural development council under IC 4-4-9.5. The council may not approve an expenditure from the fund unless the rural development administration advisory board established by section 3 of this chapter has recommended the expenditure.

Sec. 3. (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 advisory board consists of the following members:

(1) The executive director of the Indiana 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 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) Six (6) 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 six (6) voting members is necessary for the advisory board to take action.

SECTION 178. IC 4-4-9.5-4 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 4. (a) The rural development council fund is established to be used exclusively for:**

(1) the purposes set forth in sections 2 and 3 of this chapter;

(2) administrative expenses and personnel expenses incurred by the council in carrying out this chapter; and

(3) providing funding for the establishment of new regional rural development groups and the operations of existing regional rural development groups.

The fund shall be administered by the 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 a state fiscal year does not revert to the state general fund.

SECTION 179. IC 4-12-11 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 11. Technology Development Grant Fund

Sec. 1. As used in this chapter, "department" refers to the department of commerce established by IC 4-4-3-2.

Sec. 2. As used in this chapter, "fund" refers to the technology development grant fund established by section 8 of this chapter.

Sec. 3. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 4. As used in this chapter, "redevelopment commission" refers to a redevelopment commission established under IC 36-7-14-3 or a commission (as defined in IC 36-7-15.1-3) that establishes a technology park.

Sec. 5. As used in this chapter, "technology park" refers to a certified technology park established under IC 36-7-32.

Sec. 6. As used in this chapter, "targeted employment" means employment in any of the following business activities:

(1) Advanced manufacturing, including the following:

(A) Automotive and electronics.

(B) Aerospace technology.

(C) Robotics.

(D) Engineering design technology.

(2) Life sciences, including the following:

(A) Orthopedics or medical devices.

(B) Biomedical research or development.

(C) Pharmaceutical manufacturing.
(D) Agribusiness.
(E) Nanotechnology or molecular manufacturing.
(3) Information technology, including the following:
(A) Informatics.
(B) Certified network administration.
(C) Software development.
(D) Fiber optics.
(4) Twenty-first century logistics, including the following:
(A) High technology distribution.
(B) Efficient and effective flow and storage of goods, services, or information.
(C) Intermodal ports.

Sec. 7. As used in this chapter, "technology product" means a product that involves high technology activity or otherwise involves targeted employment.

Sec. 8. The technology development grant fund is established to provide the necessary money for grants to redevelopment commissions under this chapter and the administration of this program.

Sec. 9. The fund shall be administered by the department.

Sec. 10. The expenses of administering the fund shall be paid from money in the fund. Interest that accrues from these investments shall be deposited in the fund.

Sec. 11. 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 are invested.

Sec. 12. Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 13. The department shall establish a grant application procedure for redevelopment commissions.

Sec. 14. To qualify for a grant under this chapter, a redevelopment commission must:
(1) submit an application in the form prescribed by the department;
(2) demonstrate that:
(A) the redevelopment commission has established a technology park; and
(B) the grant being applied for under this chapter will assist the redevelopment commission in accomplishing the goals of the technology park under IC 36-7-32; and
(3) provide the other information required by the department.

Sec. 15. The department shall provide grants on a competitive basis from the fund to businesses that apply for a grant under this chapter. The department may select and fund part or all of an application request that:
(1) is submitted during an application period; or
(2) was submitted in a prior application period but not fully funded in that application period.

Sec. 16. (a) For purposes of this section, "operating expenditures" includes the following:
(1) Business plans.
(2) Marketing studies.
(3) Mentor identification.
(4) Securitization of capital.
(5) Legal services.
(6) Other necessary services.

(b) The total of all grants provided under this chapter for a technology park may not exceed the following:
(1) Two million dollars ($2,000,000) for the leasing, construction, or purchase of capital assets.

(2) Two million dollars ($2,000,000) for operating expenditures, and, subject to subsection (d), with not more than five hundred thousand dollars ($500,000) being distributed in any one (1) fiscal year.

(c) This subsection applies to a grant provided under subsection (b)(1) for the leasing of a capital asset. The grant may be applied only to lease payments made during:

(1) the fiscal year; or

(2) each of the three (3) fiscal years immediately following the fiscal year;

in which the grant is provided.

(d) The annual distribution of a grant under subsection (b)(2) may not exceed the following:

(1) Eighty percent (80%) of total operating expenditures in the fiscal year in which the grant is provided.

(2) Sixty percent (60%) of total operating expenditures in the fiscal year after the fiscal year in which the grant is provided.

(3) Forty percent (40%) of total operating expenditures in the second fiscal year after the fiscal year in which the grant is provided.

(4) Twenty percent (20%) of total operating expenditures in the third fiscal year after the fiscal year in which the grant is provided.

Sec. 17. A capital expenditure grant under this chapter shall require that the lesser of:

(1) two million dollars ($2,000,000); or

(2) fifty percent (50%) of the total capital costs;

of the project being funded by the grant be matched from other sources.

Sec. 18. The department may, under rules established by the department of local government finance and the procedures established by the department, award grants from the fund to one (1) or more political subdivisions to reimburse the political subdivisions for ad valorem property taxes allocated to an allocation area as a result of a resolution adopted under IC 36-7-32-15.

SECTION 180. IC 6-1.1-12.2 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]:

Chapter 12.2. Deduction for Aircraft

Sec. 1. This chapter applies only to the following:

(1) Aircraft that:

(A) have a seating capacity of not more than ninety (90) passengers;

(B) are used in the air transportation of passengers or passengers and property; and

(C) are owned or operated by a person who is:

(i) an air carrier certificated under Federal Air Regulation Part 121; or

(ii) a scheduled air taxi operator certified under Federal Air Regulation Part 135.

(2) Aircraft that:

(A) are used to transport only property, regardless of whether the aircraft is operated as a common carrier for compensation; and

(B) are owned or operated by a person who is:

(i) an air carrier certificated under Federal Air Regulation Part 121; or

(ii) a scheduled air taxi operator certified under Federal Air Regulation Part 135.

Sec. 2. As used in this chapter "abatement property" refers to aircraft described in section 1 of this chapter.

Sec. 3. As used in this chapter, "aircraft" has the meaning set forth in 49 U.S.C. 40102.

Sec. 4. As used in this chapter, "air transportation" means transportation of passengers or property by aircraft as a common carrier for compensation.

Sec. 5. As used in this chapter, "business entity" refers to a corporation (as defined in IC 6-3-1-10) or partnership (as defined in IC 6-3-1-19).

Sec. 6. As used in this chapter, "Indiana corporate headquarters" means a physical presence in Indiana of a domestic business entity that results in Indiana being the regular or principal

place of business of its chief executive, operating, and financial officers.

Sec. 7. As used in this chapter, "subsidiary" means a business entity in which another business entity with an Indiana corporate headquarters has at least an eighty percent (80%) ownership interest.

Sec. 8. As used in this chapter, "taxpayer" means a business entity that:

(1) has an Indiana corporate headquarters; or

(2) is a subsidiary of a business entity with an Indiana corporate headquarters;

and that is liable under IC 6-1.1-2-4, as applied under IC 6-1.1-3 or IC 6-1.1-8, for ad valorem property taxes on abatement property.

Sec. 9. A taxpayer is entitled to a deduction from the assessed value of abatement property in each year in which the abatement property is subject to taxation for ad valorem property taxes.

Sec. 10. The amount of the deduction is equal to one hundred percent (100%) of the assessed value of the abatement property.

Sec. 11. The deduction includes ad valorem property taxes calculated using aircraft ground times.

Sec. 12. To qualify for the deduction, the taxpayer must claim the deduction, in the manner prescribed by the department of local government finance, on the taxpayer's personal property tax return filed under IC 6-1.1-3 or IC 6-1.1-8 (or an amended return filed within the time allowed under this article) for the abated property to which the deduction applies.

SECTION 181. IC 6-6-6.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. (a) The provisions of this chapter pertaining to registration and taxation shall not apply to any of the following:

(1) An aircraft owned by and used exclusively in the service of:

(i) the United States government;

(ii) a state (except Indiana), territory, or possession of the United States;

(iii) the District of Columbia; or

(iv) a political subdivision of an entity listed in clause (i), (ii), or (iii).

(2) An aircraft owned by a resident of another state and registered in accordance with the laws of that state. However, the aircraft shall not be exempt under this subdivision if a nonresident establishes a base for the aircraft inside this state and the base is used for a period of sixty (60) days or more.

(3) An aircraft which this state is prohibited from taxing under this chapter by the Constitution or the laws of the United States.

(4) An aircraft owned or operated by a person who is either an air carrier certificated under Federal Air Regulation Part 121 or a scheduled air taxi operator certified under Federal Air Regulation Part 135, unless such person is a corporation incorporated under the laws of the state of Indiana, ~~or~~ an individual who is a resident of Indiana, **or a corporation with Indiana corporate headquarters (as defined in IC 6-1.1-12.2-6).**

(5) An aircraft which has been scrapped, dismantled, or destroyed, and for which the airworthiness certificate and federal certificate of registration have been surrendered to the Federal Aviation Administration by the owner.

(6) An aircraft owned by a resident of this state that is not a dealer and that is not based in this state at any time, if the owner files the required form not later than thirty-one (31) days after the date of purchase; and furnishes the department with evidence, satisfactory to the department, verifying where the aircraft is based during the year.

(7) An aircraft owned by a dealer for not more than five (5) days if the ownership is part of an ultimate sale or transfer of an aircraft that will not be based in this state at any time. However, the dealer described in this subdivision is required to file a report of the transaction within thirty-one (31) days after the ultimate sale or transfer of ownership of the aircraft. The report is

not required to identify the seller or purchaser but must list the aircraft's origin, destination, N number, date of each transaction, and ultimate sales price.

(8) An aircraft owned by a registered nonprofit museum, if the owner furnishes the department with evidence satisfactory to the department not later than thirty-one (31) days after the purchase date. The aircraft must be reported for registration, but the department shall issue the registration without charge.

(b) The provisions of this chapter pertaining to taxation shall not apply to an aircraft owned by and used exclusively in the service of Indiana or a political subdivision of Indiana or any university or college supported in part by state funds. That aircraft must be reported for registration, but the department will issue the registration without charge.

SECTION 182. [EFFECTIVE JULY 1, 2003] **(a) This SECTION applies to a county in which an entity:**

(1) qualified as a taxpayer (as defined in IC 6-1.1-12.2-8, as added by this act) on an assessment date in 2002;

(2) was not incorporated under the laws of Indiana on the assessment date in 2002;

(3) was incorporated under the laws of Indiana on the assessment date in 2003; and

(4) as a result, is subject to the aircraft excise tax under IC 6-6-6.5 on abatement property rather than the ad valorem property tax in 2004.

(b) The definitions in IC 6-1.1-1 and IC 6-1.1-12.2, as added by this act, apply throughout this SECTION.

(c) The department of local government finance shall adjust the maximum property tax rate under IC 21-2-15-11 for the capital projects fund of a school city (as defined in IC 20-3-11-1) to allow a levy of an amount that is equal to the amount that would have applied if the taxpayer had continued to pay property taxes for assessment dates after 2002 on abatement property that was subject to assessment in 2002. The department of local government finance shall adjust the maximum property tax rate in 2004, and the maximum property tax rate applies to property taxes first due and payable in 2004 and for each subsequent year.

SECTION 183. [EFFECTIVE JANUARY 1, 2004] **IC 6-6-6.5-9, as amended by this act, applies to aircraft excise taxes and registration fees imposed under IC 6-6-6.5 after December 31, 2003.**

SECTION 184. [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)] **IC 6-1.1-12.2, as added by this act, applies only to assessment dates after January 1, 2003, and ad valorem property taxes due and payable after January 1, 2004.**

SECTION 185. IC 5-10.2-2-2.5, AS AMENDED BY P.L.61-2002, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2.5. (a) Each board may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control, subject to the limitations and restrictions set forth in **section 18 of this chapter,** IC 5-10.3-5-3, and IC 21-6.1-3-9.

(b) Each board may commingle or pool assets with the assets of any other persons or entities. This authority includes, but is not limited to, the power to invest in commingled or pooled funds, partnerships, or mortgage pools. In the event of any such investment, the board shall keep separate detailed records of the assets invested. Any decision to commingle or pool assets is subject to the limitations and restrictions set forth in IC 5-10.3-5-3 and IC 21-6.1-3-9.

SECTION 186. IC 5-10.2-2-18 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 18. (a) As used in this section, "high growth company" means a sole proprietorship, firm, corporation, partnership, limited liability company, limited liability partnership, joint venture, trust, syndicate, or other business unit or association that:**

(1) is primarily focused on commercialization of research and development, technology transfers, or the application of new technology or is determined by the department of

commerce to have significant potential to:
(A) bring substantial capital into Indiana;
(B) create jobs;
(C) diversify the business base of Indiana; or
(D) significantly promote the purposes of this chapter in any other way;
(2) has had an average annual net worth of less than twenty million dollars ($20,000,000) in each of the last two (2) calendar years; and
(3) is not engaged in a business involving:
(A) real estate;
(B) real estate development;
(C) insurance;
(D) professional services provided by an accountant, a lawyer, or a physician;
(E) retail sales, except when the primary purpose of the business is the development or support of electronic commerce using the Internet; or
(F) gas and oil exploration.
A company that meets the definition of a high growth company under this subsection shall be considered to meet the definition even if affiliated with one (1) or more other companies that do not meet the definition and regardless of whether any of the affiliated companies is engaged in a business involving the matters described in subdivision (3).
(b) As used in this section, "Indiana high growth company" means a high growth company as defined in subsection (a) that:
(1) has its headquarters in Indiana; and
(2) has:
(A) at least fifty percent (50%) of its employees residing in Indiana; or
(B) at least seventy-five percent (75%) of its assets located in Indiana.
(c) If the board decides to allocate part of the fund assets to funds investing in high growth companies, the board is strongly encouraged to establish the following:
(1) A goal for investment in funds investing in Indiana high growth companies of at least twenty-five percent (25%) of the amount allocated to funds investing in high growth companies.
(2) A preference for investments described in subdivision (1) that are started in or assisted by Indiana universities and colleges.
(d) The board has five (5) years after the date the goals in subsection (c) are adopted to achieve the goal percentages.
(e) The board is not required to achieve the goal percentages under subsection (c) if the board, exercising financial and fiduciary prudence, determines that sufficient appropriate investments in privately held equity or debt assets are not available in Indiana.
(f) This section expires July 1, 2013.
SECTION 187. IC 5-10.3-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board shall also diversify such investments in accordance with prudent investment standards, **subject to the limitations and restrictions set forth in IC 5-10.2-2-18.**
(b) The board may invest up to five percent (5%) of the excess of its cash working balance in debentures of the corporation for innovation development subject to IC 30-4-3-3.
(c) The board is not subject to IC 4-13, IC 4-13.6, and IC 5-16 when managing real property as an investment. Any management agreements entered into by the board must ensure that the management agent acts in a prudent manner with regard to the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the

budget agency for approval. A contract for management of real property as an investment:

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

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

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

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

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

(1) Each beneficiary of the trust.

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

SECTION 188. IC 21-6.1-3-9, AS AMENDED BY P.L.1-2002, SECTION 88, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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.

(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 189. [EFFECTIVE JULY 1, 2003] **IC 5-10.2-2-18, as added by this act, applies only to investments made after June 30, 2003.**

SECTION 190. [EFFECTIVE JULY 1, 2003] **(a) For purposes of this SECTION, "boards" refers to the board of trustees of the Indiana state teachers' retirement fund and the board of trustees of the public employees' retirement fund.**

(b) In order to seek and enhance investment opportunities under IC 5-10.2-2-2.5, IC 5-10.3-5-3, and IC 21-6.1-3-9, all as amended by this act, the boards shall seek funding from:

(1) a private foundation;

(2) the federal government;

(3) an institution of higher education; or

(4) any other entity;

to develop a fellowship program to work with the Indiana future fund to enhance venture capital investment opportunities in Indiana technology and advanced manufacturing companies.

(c) The investment opportunities must be designed to enhance investment in companies in Indiana and must be designed to:

(1) enhance the venture capital community;

(2) train future venture capitalists; and

(3) support the development of high potential, startup, and early stage companies in the areas of technology and advanced manufacturing.

(d) The fellowship program must be designed to last for two (2) years.

(e) An applicant for the fellowship must:

(1) be a resident of Indiana;

(2) hold a graduate degree, preferably with a business or technical major; and

(3) have at least three (3) years of practical experience.

(f) The department of commerce shall assist the boards in developing and administering the grant. The boards shall create a committee, including:

(1) one (1) individual appointed by the board of trustees of the public employees' retirement fund;

(2) one (1) individual appointed by the teachers' retirement fund; and

(3) three (3) individuals appointed by the department of commerce.

(g) The committee established in subsection (f) shall:

(1) review the grant application before it is submitted;

(2) review applicants for the fellowship program; and

(3) set the stipend for participants in the program.

(h) This SECTION expires July 1, 2007.

SECTION 191. IC 6-3.1-4-6, AS AMENDED BY P.L.192-2002(ss), SECTION 90, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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, ~~2004.~~ **2013.** 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 192. IC 6-3.1-13-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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 6-3.1-26.**

SECTION 193. IC 6-3.1-13-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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 6-3.1-26,** including paying for the costs of administering this chapter **and IC 6-3.1-26.** 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 194. IC 6-3.1-19-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 1.5. 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.

SECTION 195. IC 6-3.1-19-2.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 2.5. As used in this chapter, "taxpayer" means an individual or entity that has any state and local tax liability.**

SECTION 196. IC 6-3.1-19-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 3. (a) Subject to section 5 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state and local tax liability for a taxable year if the taxpayer makes a qualified investment in that year.

(b) The amount of the credit to which a taxpayer is entitled is the qualified investment made by the taxpayer during the taxable year multiplied by twenty-five percent (25%).

(c) A taxpayer may assign any part of the credit to which the taxpayer is entitled under this chapter to a lessee of property redeveloped or rehabilitated under section 2 of this chapter. A credit that is assigned under this subsection remains subject to this chapter.

(d) An assignment under subsection (c) must be in writing and both the taxpayer and the lessee must report the assignment on their state tax return for the year in which the assignment is made, in the manner prescribed by the department. The taxpayer may not receive value in connection with the assignment under subsection (c) that exceeds the value of the part of the credit assigned.

(e) If a pass through entity is entitled to a credit under this chapter but does not have state and local 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.

The credit provided under this subsection is in addition to a tax credit to which a shareholder, partner, or member of a pass through entity is otherwise entitled under this chapter. However, a pass through entity and an individual who is a shareholder, partner, or member of the pass through entity may not claim more than one (1) credit for the same investment.

SECTION 197. IC 6-3.1-26 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO

READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 26. Hoosier Business Investment Tax Credit

Sec. 1. As used in this chapter, "base state tax liability" means a taxpayer's state tax liability in the taxable year immediately preceding the taxable year in which a taxpayer makes a qualified investment.

Sec. 2. As used in this chapter, "board" has the meaning set forth in IC 6-3.1-13-1.

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

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

Sec. 5. As used in this chapter, "highly compensated employee" has the meaning set forth in Section 414(q) of the Internal Revenue Code.

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

Sec. 7. 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. 8. (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. 9. 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 (the adjusted gross income tax);

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

(3) 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. 10. As used in this chapter, "state tax liability growth" means the difference between a taxpayer's state tax liability in a taxable year minus the greater of:

(1) the taxpayer's state tax liability in the most recent prior taxable year in which the taxpayer claimed part of a credit under this chapter; or

(2) the taxpayer's base state tax liability;

before the application of a credit under this chapter.

Sec. 11. As used in this chapter, "taxpayer" means an individual, a corporation, a partnership, or other entity that has state tax liability.

Sec. 12. The board may make credit awards under this chapter to foster job creation and higher wages in Indiana.

Sec. 13. 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. 14. (a) The total amount of a tax credit claimed under this chapter equals thirty percent (30%) of the amount of a qualified investment made by the taxpayer in Indiana.

(b) In the taxable year in which a taxpayer makes a qualified investment, the taxpayer may claim a credit under this chapter in an amount equal to the lesser of:

(1) thirty percent (30%) of the amount of the qualified investment; or

(2) the taxpayer's state tax liability growth.

The taxpayer may carry forward any unused credit.

Sec. 15. (a) A taxpayer may carry forward an unused credit for not more than nine (9) consecutive taxable years beginning with the taxable year after the taxable year in which the taxpayer makes the qualified investment.

(b) The amount that a taxpayer may carry forward to a particular taxable year under this section equals the lesser of the following:

(1) The taxpayer's state tax liability growth.

(2) The unused part of a credit allowed under this chapter.

(c) A taxpayer may:

(1) claim a tax credit under this chapter for a qualified investment; and

(2) carry forward a remainder for one (1) or more different qualified investments;

in the same taxable year.

(d) The total amount of each tax credit claimed under this chapter may not exceed thirty percent (30%) of the qualified investment for which the tax credit is claimed.

Sec. 16. If a pass through entity does not have state tax liability growth 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. 17. 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. 18. 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 the following conditions exist:

(1) The applicant has conducted business in Indiana for at least one (1) year immediately preceding the date 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 19 of this chapter.

(7) The average wage that will be paid by the taxpayer to its employees (excluding highly compensated employees) 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. 19. 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. 20. 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. 21. The board shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all 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, 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 that 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 its employees other than highly compensated employees in each taxable year that a tax credit is available that equals at least one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

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

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

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

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

Sec. 22. 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. 23. 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 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. 24. 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. 25. 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. The evaluation must 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.

Sec. 26. Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for a qualified investment made after December 31, 2005. However, this section may not be construed to prevent a taxpayer from carrying an unused tax credit attributable to a qualified investment made before January 1, 2006, forward to a taxable year beginning after December 31, 2005, in the manner provided by section 15 of this chapter.

SECTION 198. [EFFECTIVE JANUARY 1, 2004] **Subject to carryovers authorized by IC 6-3.1-26-15, as added by this act, IC 6-3.1-26, as added by this act, applies to taxable years beginning after December 31, 2003, and ending before January 1, 2006.**

SECTION 199. IC 6-3.1-27 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 27. Blended Biodiesel Tax Credits

Sec. 1. As used in this chapter, "biodiesel" means a renewable, biodegradable, mono alkyl ester combustible liquid fuel derived from agricultural plant oils or animal fats that meets American Society for Testing and Materials specification D6751-02 for biodiesel fuel (B100) blend stock distillate fuels.

Sec. 2. As used in this chapter, "blended biodiesel" refers to a blend of biodiesel with petroleum diesel so that the percentage of biodiesel in the blend is at least two percent (2%) (B2 or greater). The term does not include biodiesel (B100).

Sec. 3. As used in this chapter, "dealer" has the meaning set forth in IC 6-6-1.1-103.

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 limited liability company; or
(4) a limited liability partnership.

Sec. 5. As used in this chapter, "service station" means a retail outlet where a dealer sells a motor fuel through a metered pump.

Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.5 (the state gross retail and use tax);

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

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

(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.

Sec. 7. As used in this chapter, "taxpayer" means an individual or entity that has any state tax liability.

Sec. 8. (a) A taxpayer that produces biodiesel at a facility located in Indiana is entitled to a credit against the taxpayer's state tax liability equal to the product of:

(1) one dollar ($1); multiplied by

(2) the number of gallons of biodiesel:

(A) produced at the Indiana facility during the taxable year; and

(B) used to produce blended biodiesel.

(b) The credit provided by this section shall be reduced by any credit or subsidy that the taxpayer is entitled to receive from the federal government for the production of biodiesel by the taxpayer.

(c) The total amount of credits allowed under this section may not exceed one million dollars ($1,000,000) for all taxpayers and all taxable years.

Sec. 9. (a) A taxpayer that produces blended biodiesel at a facility located in Indiana is entitled to a credit against the taxpayer's state tax liability equal to the product of:

(1) two cents ($0.02); multiplied by

(2) the number of gallons of blended biodiesel:

(A) produced at the Indiana facility; and

(B) blended with biodiesel produced at a facility located in Indiana.

(b) The credit provided by this section shall be reduced by any credit or subsidy that the taxpayer is entitled to receive from the federal government for the production of blended biodiesel by the taxpayer.

(c) The total amount of credits allowed under this section may not exceed one million dollars ($1,000,000) for all taxpayers and all taxable years.

Sec. 10. (a) A taxpayer that:

(1) is a dealer; and

(2) operates a service station in Indiana at which blended biodiesel is sold and dispensed through a metered pump in a taxable year;

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

(b) The amount of the credit allowed under this section is the product of:

(1) one cent ($0.01); multiplied by

(2) the total number of gallons of blended biodiesel sold and dispensed through all the metered pumps located at a service station described in subsection (a)(2).

(c) The credit allowed under this section must be computed separately for each service station operated by the taxpayer that meets the requirements of subsection (a)(2).

(d) The total amount of credits allowed under this section may not exceed one million dollars ($1,000,000) for all taxpayers and all taxable years.

Sec. 11. If a pass through entity is entitled to a credit under 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. 12. (a) If the amount of the credit determined 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 over the excess 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.

(b) A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 13. 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 all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 200. IC 6-3.1-28 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 28. Ethanol Production Tax Credit

Sec. 1. As used in this chapter, "board" refers to the Indiana recycling and energy development board created by IC 4-23-5.5-2.

Sec. 2. As used in this chapter, "ethanol" means agriculturally derived ethyl alcohol.

Sec. 3. As used in this chapter, "facility" refers to a facility for the production of ethanol that satisfies all the following:

(1) The facility is located in Indiana.

(2) The facility has a capacity to produce at least forty million (40,000,000) gallons of ethanol a year.

(3) The facility, after December 31, 2003, increased its ethanol production capacity by at least forty million (40,000,000) gallons a year.

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 limited liability company; or

(4) 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 6-2.5 (the state gross retail and use tax);

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

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

(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.

Sec. 6. As used in this chapter, "taxpayer" means an individual or entity that has any state tax liability.

Sec. 7. Subject to section 11 of this chapter, a taxpayer that produces ethanol at a facility is entitled to a credit against the taxpayer's state tax liability equal to the product of:

(1) twelve and one-half cents ($.125); multiplied by

(2) the number of gallons of ethanol produced at the Indiana facility.

Sec. 8. If a pass through entity is entitled to a credit under 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. 9. (a) If the amount of the credit determined 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 over the excess 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.

(b) A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 10. To receive the credit provided by this chapter, a taxpayer must do the following:

(1) Claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department.

(2) Provide a copy of the board's certificate finding that the facility is a qualified facility under IC 4-23-5.5-17.

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

Sec. 11. (a) The total amount of credits allowed a taxpayer under this chapter may not exceed a total of five million dollars ($5,000,000) for all taxable years.

(b) The total amount of credits allowed under this chapter may not exceed ten million dollars ($10,000,000) for all taxpayers and all taxable years.

SECTION 201. IC 8-10-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. In order to promote the agricultural, industrial and commercial development of the state, and to provide for the general welfare by the construction and operation, in cooperation with the federal government, or otherwise, of a modern port ~~on Lake Michigan and/or the Ohio River, and/or the Wabash River,~~ **system** with terminal facilities to accommodate water, rail, truck, ~~and~~ air-borne, **and other forms of** transportation, the Indiana Port Commission is hereby authorized and empowered to construct, maintain and operate, in cooperation with the federal government, or otherwise, at such ~~location on Lake Michigan and/or the Ohio River, and/or the Wabash River,~~ **locations** as shall be approved by the governor, **projects, including without limitation** public ports with terminal facilities and traffic exchange points **throughout Indiana** for all forms of transportation, giving particular attention to the benefits which may accrue to the state and its citizens from ~~the St. Lawrence Seaway,~~ **all forms of transportation,** and to issue ~~port~~ revenue bonds of the state payable solely from revenues, to pay the cost of such projects. **The commission's powers are not limited to ports and may be exercised throughout Indiana for projects that enhance, foster, aid, provide, or promote economic development, public-private partnerships, and other industrial, commercial, business, and transportation purposes.**

SECTION 202. IC 8-10-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. As used in this chapter, the following words and terms shall have the following meanings, unless the context shall indicate another or different meaning or intent:

(a) The word "commission" shall mean the Indiana Port Commission created by section 3 of this chapter, or, if said commission shall be abolished, the board, body or commission succeeding to the principal functions thereof, or to whom the powers given by this chapter to the commission shall be given by law.

(b) The word "port" shall include **any combination of:**

(1) any place or places on Lake Michigan, the Ohio River, ~~and~~ the Wabash River, **or other water bodies,** natural or artificial, in which water-borne vessels capable of carrying articles of commerce over navigable bodies of water may be loaded, unloaded or accommodated; **and**

(2) nonmaritime port and traffic exchange points throughout Indiana for the transfer of goods and passengers between all modes of transportation.

(c) The ~~words "port~~ **word** "project" shall include:

(1) any facilities, adjuncts and appurtenances necessary **or useful** to operate a modern port, **whether or not permanently situated at the port,** including:

(A) the dredging of approaches ~~thereto, and including, among other things, but not limited to~~ **to a port; and**

(B) breakwaters, inner harbors, outer harbors, channels, canals, turning basins, docks, wharves, piers, quays, slips, loading, unloading, handling and storage equipment, warehouses, refrigerating plants and equipment, elevators for the handling and storage of grain, coal and other bulk commodities, terminal buildings or facilities, railroad equipment and trackage, roadways, airplane landing fields, parking lots, garages, automotive equipment, tugs, ferries, maintenance and construction vessels, communication systems, sewers, drains, works for the treatment of sewage, garbage and wastes, and the furnishing of utility service necessary to serve the property under the jurisdiction or control of the commission, and other buildings and facilities which the commission may deem necessary for the operation of the port; **and**

(2) any other project located in Indiana, other than at a port, that the commission finds will enhance, foster, aid, provide, or promote economic development, public-private partnerships, and other industrial, commercial, business, and transportation purposes.

(d) The word "cost" as applied to a port or ~~port~~ project ~~shall embrace~~ **means:**

(1) the cost of construction;

(2) the cost of acquisition of all land, rights-of-way, property, rights, easements and interests, including lands under water and riparian rights acquired by the commission for ~~such~~ construction;

(3) the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which ~~such~~ buildings or structures may be moved;

(4) the cost of relocating public roads;

(5) the cost of land or easements ~~therefor,~~ **for roads;**

(6) the cost of all machinery and equipment;

(7) financing charges;

(8) interest prior to and during construction and for not exceeding two (2) years after the estimated date of completion of construction;

(9) the cost of engineering and legal expenses, plans, specifications, surveys, **and** estimates of cost, traffic and revenues;

(10) other expenses necessary or incident to determining the feasibility or practicability of constructing any such project;

(11) administrative expense; ~~and such~~

(12) other expenses as may be necessary or incident to the **acquisition or** construction of the project, the financing of ~~such~~ **the acquisition or** construction, and the placing of the project in operation, **including the amount authorized in the resolution of the port commission providing for the issuance of port commission revenue bonds to be paid into any special funds from the proceeds of the bonds; and**

(13) any obligation, cost, or expense incurred by any governmental agency or person for surveys, borings, the preparation of plans and specifications, and other engineering services, or any other cost described in this section that is incurred in connection with the acquisition or construction of a project may be regarded as part of the cost of the project and may be reimbursed out of the proceeds of port commission revenue bonds as authorized by this chapter.

(e) The word "owner" shall include all individuals, copartnerships, associations or corporations having any title or interest in any property, rights, easements and other interests authorized to be acquired by this chapter.

(f) The word "revenues" shall mean all fees, tolls, rentals, gifts, grants, moneys and all other funds coming into the possession or under the control of the commission by virtue of the terms and provisions of this ~~chapter,~~ **article,** but shall not include real property or personal property other than money, nor the proceeds from the sale of bonds issued under provisions of this chapter.

(g) The word "public roads" shall include all public highways, roads, and streets in the state, whether maintained by the state, county, city, township or other political subdivision.

SECTION 203. IC 8-10-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. **(a)** There is hereby created a commission to be known as the "Indiana port commission" and by that name the commission may sue and be sued, and plead and be impleaded. The commission hereby created is a body both corporate and politic in the state of Indiana, and the exercise by the commission of the powers conferred by this ~~chapter~~ **article** in the construction, operation and maintenance of a port **or** project shall be deemed and held to be essential governmental functions of the state, but the commission shall not however be immune from liability by reason thereof.

(b) The commission shall consist of seven (7) members, appointed by the governor, no more than four (4) of whom shall be members of the same political party. The members shall be residents of the state, and shall have been qualified electors therein for a period of at least five (5) years next preceding their appointment. The members of the commission first appointed shall continue in office for terms expiring, in the case of two (2) members, on July 1, 1962, and in the case of three (3) members, on July 1, 1963, July 1, 1964, and July 1, 1965 and the first two (2) members appointed after January 1, 1975, shall continue in office for terms expiring July 1, 1977 for one (1) member and July 1, 1979 for the other member, respectively, and until their respective successors shall be duly appointed and qualified. The term of any member of the commission first appointed shall be designated by the governor. The successor of each such member shall be appointed for a term of four (4) years, except that any person appointed to fill a vacancy shall be appointed to serve only for the unexpired term, and a member of the commission shall be eligible for reappointment. The governor may at any time remove any member of the commission for misfeasance, nonfeasance, or malfeasance in office. The members of the commission shall, within ten (10) days after their appointment, meet and qualify by subscribing an oath to discharge honestly and faithfully the duties of their office as members of such commission. The commission shall thereafter elect one (1) of the members as chairman and another as vice-chairman, and shall appoint a secretary-treasurer who need not be a member of the commission. Four (4) members of the commission shall constitute a quorum and the affirmative vote of four (4) members shall be necessary for any official action taken by the commission. No vacancy in the membership of the commission shall impair the rights of a quorum to exercise all the rights and perform all the duties of the commission.

(c) Before the issuance of any ~~port~~ revenue bonds under the provisions of this ~~chapter,~~ **article,** each appointed member of the commission shall give a surety bond to the state in the penal sum of twenty-five thousand dollars ($25,000) and the secretary-treasurer shall give a surety bond to the state in the penal sum of fifty thousand dollars ($50,000). Each such surety bond ~~to~~ **must** be conditioned upon the faithful performance of the duties of the office, to be executed by a surety company authorized to transact business in the state as surety and to be approved by the governor and filed in the office of the secretary of state.

(d) Each appointed member of the commission shall receive an annual salary of seven thousand, five hundred dollars ($7,500), payable in monthly instalments. However, no members of such commission as appointed hereunder shall receive any salary except a per diem as fixed and approved by the budget director until said commission is able to carry on the full operations as intended by this chapter, and the budget director, subject to the approval of the governor of the state of Indiana, shall determine when said salaries for said commission members shall commence. ~~The governor shall, however, appoint said members as herein provided within a period of sixty (60) days following the effective date of this chapter.~~

(e) Each member shall be reimbursed for his actual expenses necessarily incurred in the performance of his duties.

(f) All expenses incurred in carrying out the provisions of this ~~chapter~~ **article** shall be payable solely from funds provided under the authority of this ~~chapter~~ **article** and no liability or obligation shall be incurred by the commission hereunder beyond the extent to which moneys shall have been provided under the authority of this ~~chapter.~~ **article.**

SECTION 204. IC 8-10-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,

2003]: Sec. 4. ~~Port~~ Revenue bonds issued under the provisions of this ~~chapter~~ **article** shall not be deemed to constitute a debt of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any such political subdivision, but such bonds shall be payable solely from the funds pledged for their payment as authorized in this ~~chapter,~~ **article,** unless such bonds are refunded by refunding bonds, issued under the provisions of this chapter, which refunding bonds shall be payable solely from funds pledged for their payment as authorized herein. All such revenue bonds shall contain on the face thereof a statement to the effect that the bonds, as to both principal and interest, are not an obligation of the state of Indiana, or of any political subdivision thereof, but are payable solely from revenues pledged for their payment. All expenses incurred in carrying out the provisions of this ~~chapter~~ **article** shall be payable solely from funds provided under the authority of this ~~chapter~~ **article** and nothing in this ~~chapter~~ **article** contained shall be construed to authorize the commission to incur indebtedness or liability on behalf of or payable by the state or any political subdivision thereof.

SECTION 205. IC 8-10-1-4.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 4.5. Except as specifically authorized by the general assembly, the commission may not pledge, in any form, to:**

(1) seek funding from the state in the event of any default in the payment of revenue bonds; or

(2) specify, in any form, in an agreement related to revenue bonds that money appropriated by the general assembly may or shall be deposited in a debt service fund or reserve fund for the revenue bonds.

SECTION 206. IC 8-10-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) The Indiana port commission may:

(1) prepare sketches, plans, and descriptive material relating to ~~such~~ ports or ~~port~~ projects, as in its discretion may seem feasible, to compile data and prepare literature as to the necessity or advisability thereof, and to do other acts and things it considers necessary to promote ~~such public port or port~~ **the ports or** projects and deems to be in the public interest;

(2) carry on, in its discretion, negotiations and enter into agreements and contracts with the federal government or agencies of the federal government or an authority established under IC 36-7-23 for the building and construction of public ports including terminal facilities, to be located within Indiana, on Lake Michigan, the Ohio River, the Wabash River, or in waters adjacent to Indiana;

(3) locate and acquire ~~a~~ suitable ~~site~~ **sites** for ~~such public port or port~~ **ports or** projects;

(4) construct, develop, maintain, and operate the same in cooperation with the federal government, any agency of the federal government, a corporation established under IC 36-7-23, or otherwise, in such a manner and on such terms as will, in the discretion of the commission, best serve the commercial, industrial, and agricultural interests of the state;

(5) provide adequate port and terminal facilities to accommodate water, rail, truck, and airborne transportation; and

(6) provide a traffic exchange point for all forms of transportation, giving particular attention to the benefits which may accrue to the state and its citizens by the opening of the St. Lawrence Seaway and river transportation.

(b) The title to all property included in any port **or** project shall be taken in the name of, and shall be in, the state of Indiana.

SECTION 207. IC 8-10-1-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. The commission is authorized and empowered **to do the following:**

(1) To adopt bylaws for the regulation of its affairs and the conduct of its business.

(2) To adopt an official seal which shall not be the seal of the state of Indiana.

(3) To maintain a principal office and sub-offices at such place or places within the state as it may designate.

(4) To sue and be sued, and to plead and be impleaded in its own name. However, actions at law against the commission shall be brought in the circuit court of the county in which the principal office of the commission is located or in the circuit court of the county in which the cause of action arose, if the county is located within the state. All summonses and legal notices of every kind shall be served on the commission by leaving a copy thereof at the principal office of the commission with the person in charge thereof or with the secretary of the commission. However, no such action shall be deemed commenced until a copy of the summons and complaint, cross complaint, petition, bill, or pleading is served upon the attorney general of Indiana.

(5) To acquire, lease, construct, maintain, repair, police, and operate a port or ~~port~~ project as provided in this chapter, and to establish rules and regulations for the use of ~~such~~ **the** port or ~~port~~ project, and other property subject to the jurisdiction and control of the commission.

(6) To issue ~~port~~ **both taxable and tax exempt** revenue bonds of the state, payable solely from revenues, as herein provided, for the purpose of paying all or any part of the cost of a port or ~~port~~ project.

(7) To acquire, lease, and operate tug boats, locomotives, and any and every kind of motive power and conveyances or appliances necessary or proper to carry passengers, goods, wares, merchandise, or articles of commerce in, on, or around the port or ~~port~~ project.

(8) To fix and revise from time to time and to collect fees, rentals, tolls, and other charges for the use of any port or ~~port~~ project.

(9) To acquire, obtain option on, hold, and dispose of real and personal property in the exercise of its powers and the performance of its duties under this chapter.

(10) To designate the location and establish, limit, and control points of ingress to and egress from ~~the~~ **a** port ~~property.~~ **or project.**

(11) To lease to others for development or operation such portions of any port or ~~port~~ project, on such terms and conditions as the commission shall deem advisable.

(12) To make and enter into all contracts, undertakings, and agreements necessary or incidental to the performance of its duties and the execution of its powers under this chapter. When the cost of any such contract for construction, or for the purchase of equipment, materials, or supplies, involves an expenditure of more than twenty-five thousand dollars ($25,000), the commission shall make a written contract with the lowest and best bidder after advertisement for not less than two (2) consecutive weeks in a newspaper of general circulation in ~~Marion County, Indiana,~~ **the county where the construction will occur** and in such other publications as the commission shall determine. The notice shall state the general character of the work and the general character of the materials to be furnished, the place where plans and specifications therefor may be examined, and the time and place of receiving bids. Each bid shall contain the full name of every person or company interested in it and shall be accompanied by a sufficient bond or certified check on a solvent bank that if the bid is accepted a contract will be entered into and the performance of its proposal secured. The commission may reject any and all bids. A bond with good and sufficient surety as shall be approved by the commission, shall be required of all contractors in an amount equal to at least fifty percent (50%) of the contract price conditioned upon the faithful performance of the contract.

(13) To construct, assemble, or otherwise build, own, lease, operate, manage, or otherwise control any project throughout Indiana for the purpose of promoting economic growth and development throughout Indiana, retaining existing employment within Indiana, and attracting new employment opportunities within Indiana.

~~(13)~~ **(14)** To employ an executive director or manager, consulting engineers, superintendents, and such other engineers, construction and accounting experts, attorneys, and other employees and agents as may be necessary in its judgment, and to fix their compensation, but no compensation of any employee of the commission shall exceed the compensation of the highest paid officer or employee of the state. ~~However, the employment of an attorney shall be subject to such approval~~

~~of the attorney general as may be required by law.~~

~~(14)~~ **(15)** To receive and accept from any federal agency grants for or in aid of the construction of any port or ~~port~~ project, and to receive and accept aid or contributions from any source of either money, property, labor, or other things of value, to be held, used, and applied only for the purposes for which such grants and contributions may be made.

~~(15)~~ **(16)** To provide coverage for its employees under the provisions of IC 22-3-2 through IC 22-3-6, and IC 22-4.

~~(16)~~ **(17)** To do all acts and things necessary or proper to carry out the powers expressly granted in this ~~chapter. and~~ **article.**

~~(17)~~ **(18)** To hold, use, administer, and expend such sum or sums as may herein or hereafter be appropriated or transferred to the commission.

SECTION 208. IC 8-10-1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. If the commission shall find it necessary to change the location of any portion of any public road, **highway,** railroad, or public utility facility, it shall cause the same to be reconstructed at such location as the division of government having jurisdiction over such road, highway, railroad or public utility facility shall deem most favorable and of substantially the same type and in as good condition as the original road, highway, or railroad or public utility facility. The cost of such reconstruction, relocation, or removal and any damage incurred in changing the location of any such road, highway, railroad, or public utility facility, shall be ascertained and paid by the commission as a part of the cost of ~~such~~ **the** port or ~~port~~ project. The commission shall have authority to petition the circuit court of the county wherein is situated any public road or part thereof, affected by the location therein of any port or ~~port~~ project, for the vacation or relocation of such road or any part thereof with the same force and effect as statutes in effect on March 2, 1961, to the inhabitants of any municipality or governmental subdivision of the state. The proceedings upon such petition, whether it be for the appointment of appraisers or otherwise, shall be the same as provided by statutes in effect on March 2, 1961, for similar proceedings upon such petitions. In addition to the foregoing powers, the commission and its authorized agents and employees, after proper notice, may enter upon any lands, waters, and premises in the state for the purpose of making surveys, soundings, drillings, and examinations as are necessary or proper for the purposes of this ~~chapter,~~ **article,** and such entry shall not be deemed a trespass, nor shall an entry for such purpose be deemed an entry under any condemnation proceedings which may be then pending; provided, that before entering upon the premises of any railroad, notice shall be given to the superintendent of such railroad involved at least five (5) days in advance of such entry, and provided, that no survey, sounding, drilling, and examination shall be made between the rails, or so close to a railroad track, as would render said track unusable. The commission shall make reimbursement for any actual damage resulting to such lands, waters, and premises and to private property located in, on, along, over, or under such lands, waters and premises, as a result of such activities. The state of Indiana, subject to the approval of the governor, hereby consents to the use of lands owned by it, including lands lying under water and riparian rights, which are necessary or proper for the construction or operation of any port or ~~port~~ project, provided adequate compensation is made for such use. The commission shall also have power to make reasonable regulations for the installation, construction, maintenance, repair, renewal, relocation, and removal of tracks, pipes, mains, conduits, cables, wires, towers, poles, and other equipment and appliances (referred to in this section as "public utility facilities") of any public utility in, on, along, over, or under any port or ~~port~~ project. Whenever the commission shall determine that it is necessary that any such public utility facilities which are, on or after March 2, 1961, located in, on, along, over, or under any ~~such~~ port or ~~port~~ project should be relocated or should be removed from ~~such~~ **the** port or ~~port~~ project, the public utility owning or operating such facilities shall relocate or remove the same in accordance with the order of the commission. ~~provided,~~ However, ~~that~~ the cost and expenses of such relocation or removal, including the cost of installing such facilities in a new location or new locations, and the cost of any lands, or any rights or interests in lands, and any other

rights, acquired to accomplish such relocation or removal, shall be ascertained and paid by the commission as a part of the cost of ~~such~~ **the** port or ~~port~~ project, excepting, however, cases in which such equipment or facilities are located within the limits of highways or public thoroughfares being constructed, reconstructed, or improved under the provisions of this chapter. In case of any such relocation or removal of facilities, the public utility owning or operating the same, its successors or assigns, may maintain and operate such facilities, with the necessary appurtenances, in the new location or new locations, for as long a period, and upon the same terms and conditions, as it had the right to maintain and operate such facilities in their former location or locations subject, however, to the state's right of regulation under its police powers.

SECTION 209. IC 8-10-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9. (a) The commission shall have power to adopt such by-laws, rules and regulations as it may deem advisable for the control and regulation of any port or ~~port~~ project or traffic on any port or ~~port~~ project, for the protection of and preservation of property under its jurisdiction and control, and for the maintenance and preservation of good order within the property under its control, and such by-laws, rules and regulations shall be published in a newspaper of general circulation in Marion County, Indiana, and in such other manner as the commission shall prescribe; however, such rules and regulations shall provide that public officers shall be afforded ready access, while in performance of their official duty, to all property under the jurisdiction or control of the commission without the payment of tolls.

(b) Such rules and regulations adopted under this section shall be adopted under IC 4-22-2.

(c) A person who violates a rule or regulation of the commission commits a Class C infraction.

SECTION 210. IC 8-10-1-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 10. **(a)** The commission is hereby authorized and empowered to acquire by purchase whenever it shall deem such purchase expedient, any land, property, rights, right-of-ways, franchises, easements and other interests in lands, including lands under water and riparian rights, as it may deem necessary or convenient for the construction and operation of any port or ~~port~~ project, upon such terms and at such price as may be considered by it to be reasonable and can be agreed upon between the commission and the owner thereof, and to take title thereto in the name of the state.

(b) The commission is hereby further authorized and empowered to sell, transfer and convey any such land or any interest therein so acquired, or any portion thereof, when the same shall no longer be needed for such purposes. ~~and it~~ **The commission** is further authorized and empowered to transfer and convey any such lands or interest therein as may be necessary or convenient for the construction and operation of any port or ~~port~~ project, or as otherwise required under the provisions of this ~~chapter. Provided, That~~ **article. However,** no such sale shall be made without **first obtaining** the approval of the governor, ~~first obtained~~ and **a sale may not be made** at ~~not~~ less than the appraised value established by three **(3)** independent appraisers appointed by the governor. The commission shall be authorized to restrict the use of any land so sold by it and provide for a reversion to the commission in the event the land shall not be used for the purpose represented by the purchaser, and such restrictions and reversions shall be set out in appropriate covenants in the deeds of conveyance, which deeds shall be subject to the approval of the governor.

(c) The commission shall also be authorized to lease, or grant options to lease, to others for development any portion of the land owned by the commission, on such terms as the commission shall determine to be advantageous. All such leases or options to lease which leases cover a period of more than four (4) years shall be subject to the approval of the governor. Leases of lands under the jurisdiction or control of the commission shall be made only for such uses and purposes as are calculated to contribute to the growth and development of ~~the port and~~ **ports,** terminal facilities, **and projects** under the jurisdiction or control of the commission. In the event the commission shall lease to others a building or structure financed by the issuance of revenue bonds **under IC 8-10-4,** the rental shall be in an amount at least sufficient to pay the interest on and principal of the amount of such bonds representing the cost of such building or structure to the extent such interest and principal is

payable during the term of the lease, as well as to pay the cost of maintenance, repair and insurance for such building and a reasonable portion of the commission's administrative expense incurred during the term of the lease which is allocable to such building or structure.

(d) No tenant, lessee, licensee, owner of real estate located within a port or project, or other person or entity has any right, claim, title, or interest in any real estate, personal property, or common property owned by the commission, a port, a project, or the state, unless a written agreement entered into by the commission expressly provides:

(1) the exact nature and extent of the right, claim, title, or interest;

(2) all the conditions under which the right, claim, title, or interest is granted; and

(3) a legal or complete description of the specific property.

SECTION 211. IC 8-10-1-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 11. The commission is hereby authorized and empowered to acquire by appropriation, under the provisions of the eminent domain law of the state, any land, including lands under water and riparian rights, property, rights, rights-of-way, franchises, easements or other property necessary or proper for the construction or the efficient operation of any port or ~~port~~ project. The commission shall also be empowered to exercise such powers of eminent domain as may be conferred upon the commission by an act of Congress of the United States now in force, or which may hereafter be enacted. Title to the property condemned shall be taken in the name of the state of Indiana. Nothing herein shall authorize the commission to take or disturb property or facilities constituting all or part of any presently existing or operating public port and nothing herein shall authorize the commission to take or disturb property or facilities belonging to any public utility or to a common carrier engaged in interstate commerce, which property or facilities are required for the proper and convenient operation of such public utility or common carrier, unless provision is made for the restoration, relocation or duplication of such property or facilities elsewhere at the sole cost of the commission excepting however, cases in which such equipment or facilities are located within the limits of existing highways or public thoroughfares.

SECTION 212. IC 8-10-1-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 12. (a) A special and distinct revolving fund is hereby created, to be known as the Indiana port fund. Expenditures from said fund shall be made only for the **following:**

(1) Acquisition of land including lands under water and riparian rights, or options for the purchase of such land for a port **or project** site, and incidental expenses incurred in connection with such acquisition. ~~and for~~

(2) Studies in connection with the port **or** project. ~~and including~~

(3) Studies in connection with transportation by water, intermodal transportation, and other modes of transportation.

(4) Transfers to the fund established by IC 14-13-2-19 to carry out the purposes of IC 14-13-2.

(5) Administrative expenses of the commission. ~~Said~~

The fund shall be held in the name of the Indiana port commission, shall be administered by the commission, and all expenditures therefrom shall be made by the commission, subject, however, to the approval by governor and the state budget committee of all expenditures of moneys advanced to said fund by the state of Indiana. Requests for such approval shall be made in such form as shall be prescribed by the budget committee, but expenditures for acquisition of land including lands under water and riparian rights, or options for the purchase of such land, shall be specifically requested and approved as to the land to be acquired and the amount to be expended. No transfers from said fund to any other fund of the state shall be made except pursuant to legislative action. All unexpended funds appropriated to the Indiana board of public harbors and terminals by Acts 1957, c.286, s.6, are hereby transferred to and made a part of the Indiana port fund created by this section, and shall be expended for the purpose and in the manner provided by this chapter, subject only to the restrictions contained in this chapter and no others; provided, however, that not to exceed one hundred thousand dollars

($100,000) shall be expended for any purpose other than the acquisition of land, including lands under water and riparian rights, or options for the purchase of such land for a port **or project** site, and incidental expenses incurred in connection with such acquisition.

(b) Upon the sale of ~~port~~ revenue bonds for any port **or** project, the funds expended from the Indiana port fund in connection with the development of such **port or** project and any obligation or expense incurred by the commission for surveys, preparation of plans and specifications, and other engineering or other services in connection with development of such **port or** project shall be reimbursed to the state general fund from the proceeds of such bonds.

SECTION 213. IC 8-10-1-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13. (a) The commission is hereby authorized to provide by resolution, at one time or from time to time, for the issuance of ~~port~~ revenue bonds of the state for the purpose of paying all or any part of the cost of a port **or** project **under this chapter or IC 8-10-4.** The principal of and the interest on such bonds shall be payable solely from the revenues specifically pledged to the payment thereof. The bonds of each issue shall be dated, shall bear interest at any rate, shall mature at such time or times not exceeding fifty (50) years from the date thereof, as may be determined by the commission, and may be made redeemable before maturity, at the option of the commission, at such price or prices and under such terms and conditions as may be fixed by the commission in the authorizing resolution.

(b) The commission shall determine the form of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest which may be at any bank or trust company within or without the state.

(c) The bonds shall be signed in the name of the commission, by its chairman or vice chairman or by the facsimile signature of such chairman or vice chairman, and the official seal of the commission, or facsimile thereof, shall be affixed thereto and attested by the secretary-treasurer of the commission, and any coupons attached thereto shall bear the facsimile signature of the chairman of the commission. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery.

(d) All bonds issued under this ~~chapter~~ **article** shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the negotiable instruments law of the state of Indiana.

(e) The bonds may be issued in coupon or in registered form, or both, as the commission may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds of any bonds registered as to both principal and interest.

(f) The bonds shall be sold at public sale in accordance with IC 4-1-5, **except as provided in IC 8-10-4.**

(g) No action to contest the validity of any bonds issued by the commission under this article shall be commenced more than thirty (30) days following the adoption of the resolution approving the bonds as provided in this article.

SECTION 214. IC 8-10-1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 14. The proceeds of the bonds of each issue shall be used solely for the payment of the cost of the port **or** project for which such bonds shall have been issued, and shall be disbursed in such manner and under such restrictions, if any, as the commission may provide in the resolution authorizing the issuance of such bonds or in the trust agreement mentioned in this chapter securing the same. If the proceeds of the bonds of any issue, by error of estimates or otherwise, shall be less than such cost, additional bonds may in like manner be issued to provide the amount of such deficit, and, unless otherwise provided in the resolution authorizing the issuance of such bonds or in the trust agreement securing the same, shall be deemed to be of the same issue and shall be entitled to payment

from that same fund without preference or priority of the bonds first issued. If the proceeds of the bonds of any issue shall exceed the cost of the port **or** project for which the same shall have been issued, the surplus shall be deposited to the credit of the sinking fund for such bonds. Prior to the preparation of definitive bonds, the commission may, under like restrictions, issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The commission may also provide for the replacement of any bonds which shall become mutilated or shall be destroyed or lost. Bonds **and any other instruments or the security for the bonds and other instruments that are authorized by this article** may be issued under the provisions of this ~~chapter~~ **article** without obtaining the consent of any officer, department, division, commission, board, bureau, or agency of the state, and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions, or things which are specifically required by this chapter.

SECTION 215. IC 8-10-1-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 15. The commission is hereby authorized to provide by resolution for the issuance of ~~port revenue~~ refunding bonds of the state payable solely from revenues for the purpose of refunding any bonds then outstanding which shall have been issued under the provisions of **section 13 of** this chapter **or IC 8-10-4-2,** including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and, if deemed advisable by the commission, for the additional purpose of constructing improvements, extensions, or enlargements of the port **or** project in connection with which the bonds to be refunded shall have been issued. The issuance of such bonds, the maturities and other details thereof, the rights of the holders thereof and the rights, duties and obligations of the commission in respect of the same, shall be governed by the provisions of this ~~chapter~~ **article** insofar as the same may be applicable.

SECTION 216. IC 8-10-1-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 16. In the discretion of the commission any bonds issued under the provisions of this act may be secured by a trust agreement by and between the commission and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the state, **except as provided in IC 8-10-4.** Any resolution adopted by the commission providing for the issuance of **revenue** bonds and any trust agreement pursuant to which such bonds are issued may pledge or assign all or any portion of the revenues received or to be received by the commission except such part as may be necessary to pay the cost of the commission's administrative expenses, operation, maintenance and repair and to provide reserves therefor and depreciation reserves required by any bond resolution adopted or trust agreement executed by the commission, but the commission shall not convey or mortgage any port ~~port~~ **or** project or any part thereof, **except for self liquidating projects under IC 8-10-4.** In authorizing the issuance of bonds for any particular port **or** project, ~~undertaken in connection with the development of the port,~~ the commission may limit the amount of such bonds that may be issued as a first lien and charge against the revenues pledged to the payment of such bonds or the commission may authorize the issuance from time to time thereafter of additional bonds secured by the same lien to provide funds for the completion of the port **or** project on account of which the original bonds were issued, or to provide funds to pay the cost of additional ~~port~~ projects undertaken in connection with the development of the port **or project,** or for both such purposes. Such additional bonds shall be issued on such terms and conditions as may be provided in the bond resolution or resolutions adopted by the commission and in the trust agreement or any agreement supplemental thereto and may be secured equally and ratably without preference, priority or distinction with the original issue of bonds or may be made junior thereto. Any pledge or assignment made by the commission pursuant hereto shall be valid and binding from the time that the pledge or assignment is made and the revenues so pledged and thereafter received by the commission shall immediately be subject to the lien of such pledge or assignment without physical delivery thereof or further act. The lien of such pledge or assignment shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the commission irrespective of whether such parties have

notice thereof. Neither the resolution nor any trust agreement by which a pledge is created or assignment made need be filed or recorded except in the records of the commission. Any such trust agreement or any resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including, but not limited to, covenants setting forth the duties of the commission in relation to the acquisition of property and the construction, improvement, maintenance, repair, operation and insurance of the port **or** project in connection with which such bonds shall have been authorized, the rates of fees, tolls, rentals or other charges, to be collected for the use of the project, and the custody, safeguarding and application of all moneys, and provisions for the employment of consulting engineers in connection with the construction or operation of such project. It shall be lawful for any bank or trust company incorporated under the laws of the state which may act as depository of the proceeds of bonds or other funds of the commission, to furnish such indemnifying bonds or to pledge such securities as may be required by the commission. Any such trust agreement may set forth the rights and remedies of the bondholders and of the trustee, and may restrict the individual right of action by bondholders as is customary in trust agreements or trust indentures securing bonds or debentures of private corporations. In addition to the foregoing, any such trust agreement may contain such other provisions as the commission may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of any such trust agreement may be treated as a part of the cost of the operation of the port **or** project.

SECTION 217. IC 8-10-1-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 17. The commission shall be authorized to fix, review, charge and collect fees, tolls, rentals and other charges for the use of the ~~port, port project,~~ **ports, projects,** terminal facilities and lands under the jurisdiction or control of the commission or services rendered by the commission, and the aggregate thereof shall provide revenues at least sufficient to pay the cost of operation, maintenance and repair of the port **or project** and terminal facilities, including the administration expenses of the commission, and in case revenue bonds are issued, sufficient to pay the interest on and principal of the bonds in accordance with their terms, and also sufficient to establish and maintain reserves created for all such purposes and for depreciation purposes. The fixing and collection of such fees, tolls, rentals and other charges and the expenditure of the revenues derived therefrom shall not be subject to the supervision or regulation by any other officer, commission, board, bureau or agency of the state. After such bonds have been fully paid and discharged and all obligations under any trust agreement securing the same have been performed or satisfied, any remaining surplus net revenues and all surplus net revenues thereafter derived from the operation of ~~such~~ **the** port **or project** shall be paid into the state general fund.

SECTION 218. IC 8-10-1-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 19. Any holder of bonds issued under the provisions of this chapter or any of the coupons appertaining thereto, and the trustee under any trust agreement, except to the extent the rights given in this chapter may be restricted by the authorizing resolution or trust agreement, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce any and all rights under the statutes of the state or granted under this chapter or under such trust agreement, or the resolution authorizing the issuance of such bonds, and may enforce and compel the performance of all duties required by this chapter or by such trust agreement or resolution to be performed by the commission or by any officer thereof, including the fixing, charging, and collecting of fees, tolls, rentals, or other charges for the use of the port or ~~port~~ project.

SECTION 219. IC 8-10-1-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 20. Each port or ~~port~~ project, as defined in section 2 of this chapter, when constructed and ~~opened to traffic~~ **placed in operation** shall be maintained and kept in good condition and repair by the commission. Each such project shall also be policed and operated by such force of police, tolltakers, and other operating employees as the commission may in its discretion employ. All public or private property damaged or destroyed in carrying out the powers granted by this chapter shall be

restored or repaired and placed in its original condition as nearly as practicable or adequate compensation made therefor out of funds provided under the authority of this chapter.

SECTION 220. IC 8-10-1-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 21. All counties, cities, towns, townships and other political subdivisions and all public agencies and commissions of the state, notwithstanding any contrary provision of law, are hereby authorized and empowered to lease, lend, grant or convey to the commission at its request upon such terms and conditions as the proper authorities of such counties, cities, towns, townships, other political subdivisions or public agencies and commissions of the state may deem reasonable and fair and without the necessity for an advertisement, order of court or other action or formality, other than the regular and formal action of the authorities concerned, any real **or personal** property owned by any such municipality or governmental subdivision which may be necessary or convenient to the effectuation of the authorized purposes of the commission.

SECTION 221. IC 8-10-1-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 22. **(a)** The commission shall cause an audit of its books and accounts to be made at least once each year by certified public accountants and the cost thereof may be treated as a part of the cost of construction or of operations of the ~~project.~~ **commission's ports and projects.** The accounts, books and records of the Indiana port commission shall be audited annually by the state board of accounts, and the cost of such audit may be treated as a part of the cost of construction or of operations of the ~~port project.~~ **commission's ports and projects.**

(b) The commission shall, following the close of each fiscal year, submit an annual report of its activities for the preceding year to the governor. Each member of the general assembly shall receive a copy of the report by making a request for it to the chairman of the commission. Each report shall set forth a complete operating and financial statement for the commission during the fiscal year it covers.

SECTION 222. IC 8-10-1-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 25. Revenue bonds issued by the commission under the provisions of this ~~chapter~~ **article** shall constitute legal investments for any private trust funds, and the funds of any banks, trust companies, insurance companies, building and loan associations, credit unions, banks of discount and deposit, savings banks, loan and trust and safe deposit companies, rural loan and savings associations, guaranty loan and savings associations, mortgage guaranty companies, small loan companies, and industrial loan and investment companies, and any other financial institutions organized under Indiana statutes. **The bonds are also made securities that may be deposited with and received by all public officers and bodies of Indiana or any agency or political subdivision of Indiana and all municipalities and public commissions for any purpose for which the deposit of bonds or other obligations of Indiana is now or may be later authorized by law.**

SECTION 223. IC 8-10-1-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 27. (a) The exercise of the powers granted by this ~~chapter~~ **article** will be in all respects for the benefit of the people of the state, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions.

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

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

exemption under this subsection is not available for land not located at a port.

SECTION 224. IC 8-10-1-30 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 30. The state pledges and agrees with the holders of any bonds issued under this article that the state will not limit or alter the rights vested in the commission to fulfill the terms of any agreements made with the holders or in any way impair the rights or remedies of the holders until the bonds, together with the interest, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the holders, are fully met and discharged. The commission is authorized to include this pledge and agreement of the state in any agreement with the holders of the bonds.**

SECTION 225. IC 8-10-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. **(a)** In addition to the powers conferred upon the Indiana port commission by other provisions of this article, the commission, whenever it finds that the economic welfare of the state would thereby be benefited, by additional employment opportunities, or by additional diversification of industry within the state, or by increased income or prosperity to the state and its residents, or for any other reason, shall have the power to acquire, construct, maintain, repair, police, and lease to others such facilities for manufacturing, storage, or processing of goods, or for the carrying on of commercial, business, or recreational activities as the commission further finds will increase the ~~water-borne~~ traffic into or out of the ~~port~~ **project.** Any such facilities and the site thereof shall not be exempt from property taxation, and the lessee in any lease thereof shall agree to pay all property taxes levied on such facilities and the site thereof.

(b) In exercising the powers granted in this section, the commission shall have all the powers granted to it by this article, in connection with a ~~port~~ project, and the term ~~"port"~~ "project", as used in IC 8-10-1, shall be deemed to include facilities, adjuncts, and appurtenances of the character referred to in this section.

(c) It is further declared that the acquisition, construction, maintenance, repair, policing of, and leasing to others of such facilities under the conditions set forth in this section is a public purpose.

(d) Nothing in this section shall authorize the Indiana port commission to take, condemn, or disturb any property right or interest in property, existing on March 10, 1967, including permits and authorities to fill and reclaim submerged lands, or any facilities constituting all or part of any operating property or any private or public port. The Indiana port commission shall make reimbursement for any actual damage to any public or private facilities, including but not limited to breakwaters, water intakes, wharves, piers, boat docks, warehouses, and pipeline equipment resulting from the exercise by it of any powers granted to it by this section.

SECTION 226. IC 8-10-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) As used in this chapter, "self-liquidating ~~port~~ project" shall mean a ~~port~~ project for which a lease or leases have been executed providing for payment of rental in an amount at least sufficient to pay the interest and principal of such bonds to be issued to finance the cost of such ~~port~~ project and further providing for the payment by the lessee or lessees of all costs of maintenance, repair, and insurance of such ~~port~~ project.

(b) Other words and terms used in this chapter shall have the same meaning as in other provisions of this article, unless otherwise specifically provided.

SECTION 227. IC 8-10-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. In addition to the powers conferred upon the Indiana port commission by other provisions of this article, the commission, in connection with any self-liquidating ~~port~~ project, shall have the following powers notwithstanding any other provision of this article to the contrary:

(a) The revenue bonds issued by the commission to finance the cost of such self-liquidating ~~port~~ project may be issued without regard to any maximum interest rate limitation in this article or any other law.

(b) The revenue bonds issued by the commission to finance the cost of such self-liquidating ~~port~~

project may be sold in such manner, either at public or private sale, as the commission may determine, and the provisions of IC 4-1-5 shall not be applicable to such sale.

(c) IC 4-13.6, IC 5-16-1, IC 5-16-2, IC 5-16-3, IC 5-16-5, IC 5-16-5.5, IC 5-16-6, IC 5-16-6.5, IC 5-16-8, IC 5-16-9, IC 5-16-10, IC 5-16-11, IC 5-16-11.1, IC 8-10-1-7(12), IC 8-10-1-29, and IC 36-1-12 do not apply to a project to be leased to a private party whose payments are expected to be sufficient to pay all debt service on bonds issued by the commission to finance the project.

SECTION 228. IC 8-10-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. Any lease of a ~~port~~ project may provide that the lessee, as its reasonable portion of the commission's administrative expense incurred during the term of the lease which the lessee is required to pay by IC 8-10-1-10, shall pay to the commission for the use of the harbor, the public docking facilities and public wharves and piers, all harbor, dockage, and wharfage charges established by the commission.

SECTION 229. IC 8-10-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 4. The cost of any ~~port~~ project may include, instead of the cost of the acquisition of the land constituting the site of such ~~port~~ project, the value of such land as determined by the commission. The proceeds of any revenue bonds representing the value of such land shall be deposited in the Indiana port fund.

SECTION 230. IC 8-10-4-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. The commission may contract for the use of any license, process or device, whether patented or not, which the commission finds is necessary for the operation of any ~~port~~ project, and may permit the use thereof by any lessee on such terms and conditions as the commission may determine. The cost of such license, process or device may be included as part of the cost of the ~~port~~ project.

SECTION 231. IC 8-10-4-6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 6. The following provisions apply to this chapter:**

(1) IC 8-10-1-4.
(2) IC 8-10-1-10.
(3) IC 8-10-1-13.
(4) IC 8-10-1-14.
(5) IC 8-10-1-15.
(6) IC 8-10-1-16.
(7) IC 8-10-1-19.
(8) IC 8-10-1-25.
(9) IC 8-10-1-27.
(10) IC 8-10-1-30.

SECTION 232. IC 36-7-13-1.6, AS AMENDED BY P.L.174-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1.6. As used in this chapter, "district" refers to a community revitalization enhancement district designated under section 10.5, ~~or~~ 12, **or 12.1** of this chapter.

SECTION 233. IC 36-7-13-2.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2.6. **(a) Except as provided in subsection (b),** as used in this chapter, "gross retail incremental amount" means the remainder of:

(1) the aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in a district during a state fiscal year; minus

(2) the gross retail base period amount;

as determined by the department of state revenue under section 14 of this chapter.

(b) For purposes of a district designated under section 12.1 of this chapter, "gross retail incremental amount" means seventy-five percent (75%) of the amount described in subsection (a).

SECTION 234. IC 36-7-13-3, AS AMENDED BY P.L.113-2002, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) For purposes of this chapter, "improve" means to construct, reconstruct, or repair public ways, sidewalks, sewers, drains, fences, or buildings, and to do all other things that would enhance the value of real property and make it more suitable to industrial use.

(b) A unit may acquire by purchase, gift, or devise, and own, improve, maintain, sell, lease, convey, contract for, or otherwise deal in, real property for the development of industrial parks or industrial sites.

(c) A municipality may exercise powers granted by subsection (b) in areas within five (5) miles outside its corporate boundaries.

(d) When a district is designated under section 12(e) of this chapter, a unit may expend funds for the purposes set forth in subsections (a) and (b) for the development of or to enhance the value of real property used for retail purposes.

(e) When a district is designated under section 12.1 of this chapter, a unit may expend funds for the purposes set forth in section 12.1(b) of this chapter for the development of or to enhance the value of real property used for retail purposes and to make it more suitable to industrial or retail use.

SECTION 235. IC 36-7-13-3.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3.4. **(a) Except as provided in subsection (b),** as used in this chapter, "income tax incremental amount" means the remainder of:

(1) the aggregate amount of state and local income taxes paid by employees employed in a district with respect to wages earned for work in the district for a particular state fiscal year; minus

(2) the income tax base period amount;

as determined by the department of state revenue under section 14 of this chapter.

(b) For purposes of a district designated under section 12.1 of this chapter, "income tax incremental amount" means seventy-five percent (75%) of the amount described in subsection (a).

SECTION 236. IC 36-7-13-10.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 10.1. (a) This section applies to a:**

(1) first class city; or

(2) second class city.

(b) After approval by ordinance or resolution of the legislative body of a city described in subsection (a), the executive of the city may submit an application to an advisory commission on industrial development requesting that one (1) area within the city be designated as a district under section 12.1 of this chapter. However, the total number of districts designated in a city under this chapter after June 30, 2003, (excluding districts designated before July 1, 2003) may not exceed one (1).

SECTION 237. IC 36-7-13-11, AS AMENDED BY P.L.174-2001, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 11. If a municipal or county executive submits an application requesting an area to be designated as a district under this chapter, the advisory commission on industrial development shall do the following:

(1) Compile information necessary to make a determination concerning whether the area meets the conditions necessary for designation as a district.

(2) Prepare maps showing the boundaries of the proposed district.

(3) Prepare a plan describing the ways in which the development obstacles described in section 12(b)(3), 12(c), 12(d), ~~or~~ 12(e), **or 12.1(a)** of this chapter in the proposed district will be addressed.

SECTION 238. IC 36-7-13-12, AS AMENDED BY P.L.170-2002, SECTION 159, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 12. (a) If a municipal or county

executive has submitted an application to an advisory commission on industrial development requesting that an area be designated as a district under this chapter and the advisory commission has compiled and prepared the information required under section 11 of this chapter concerning the area, the advisory commission may adopt a resolution designating the area as a district if it makes the findings described in subsection (b), (c), (d), or (e). In a county described in subsection (c), an advisory commission may designate more than one (1) district under subsection (c).

(b) For an area located in a county having a population of more than one hundred twenty thousand (120,000) but less than one hundred thirty thousand (130,000), an advisory commission may adopt a resolution designating a particular area as a district only after finding all of the following:

(1) The area contains a building or buildings:

(A) with at least one million (1,000,000) square feet of usable interior floor space; and

(B) that is or are vacant or will become vacant due to the relocation of an employer.

(2) At least one thousand (1,000) fewer persons are employed in the area than were employed in the area during the year that is ten (10) years previous to the current year.

(3) There are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or inefficient utility services.

(C) Utility relocation requirements.

(D) Transportation or access problems.

(E) Topographical obstacles to redevelopment.

(F) Environmental contamination.

(4) The unit has expended, appropriated, pooled, set aside, or pledged at least one hundred thousand dollars ($100,000) for purposes of addressing the redevelopment obstacles described in subdivision (3).

(5) The area is located in a county having a population of more than one hundred twenty thousand (120,000) but less than one hundred thirty thousand (130,000).

(c) For a county having a population of more than one hundred eighteen thousand (118,000) but less than one hundred twenty thousand (120,000), an advisory commission may adopt a resolution designating not more than two (2) areas as districts. An advisory commission may designate an area as a district only after finding the following:

(1) The area meets either of the following conditions:

(A) The area contains a building with at least seven hundred ninety thousand (790,000) square feet, and at least eight hundred (800) fewer people are employed in the area than were employed in the area during the year that is ~~ten (10)~~ **fifteen (15)** years previous to the current year.

(B) The area contains a building with at least four hundred forty thousand (440,000) square feet, and at least four hundred (400) fewer people are employed in the area than were employed in the area during the year that is ~~ten (10)~~ **fifteen (15)** years previous to the current year.

(2) The area is located in or is adjacent to an industrial park.

(3) There are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or inefficient utility services.

(C) Utility relocation requirements.

(D) Transportation or access problems.

(E) Topographical obstacles to redevelopment.

(F) Environmental contamination.

(4) The area is located in a county having a population of more than one hundred eighteen

thousand (118,000) but less than one hundred twenty thousand (120,000).

(d) For an area located in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), an advisory commission may adopt a resolution designating a particular area as a district only after finding all of the following:

(1) The area contains a building or buildings:

(A) with at least one million five hundred thousand (1,500,000) square feet of usable interior floor space; and

(B) that is or are vacant or will become vacant.

(2) At least eighteen thousand (18,000) fewer persons are employed in the area at the time of application than were employed in the area before the time of application.

(3) There are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or inefficient utility services.

(C) Utility relocation requirements.

(D) Transportation or access problems.

(E) Topographical obstacles to redevelopment.

(F) Environmental contamination.

(4) The unit has expended, appropriated, pooled, set aside, or pledged at least one hundred thousand dollars ($100,000) for purposes of addressing the redevelopment obstacles described in subdivision (3).

(5) The area is located in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000).

(e) For an area located in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000), an advisory commission may adopt a resolution designating a particular area as a district only after finding all of the following:

(1) The area contains a building or buildings:

(A) with at least eight hundred thousand (800,000) gross square feet; and

(B) having leasable floor space, at least fifty percent (50%) of which is or will become vacant.

(2) There are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings as evidenced by a decline of at least seventy-five percent (75%) in their assessed valuation during the preceding ten (10) years.

(B) Transportation or access problems.

(C) Environmental contamination.

(3) At least four hundred (400) fewer persons are employed in the area than were employed in the area during the year that is fifteen (15) years previous to the current year.

(4) The area has been designated as an economic development target area under IC 6-1.1-12.1-7.

(5) The unit has appropriated, pooled, set aside, or pledged at least two hundred fifty thousand dollars ($250,000) for purposes of addressing the redevelopment obstacles described in subdivision (2).

(6) The area is located in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000).

(f) The advisory commission, or the county or municipal legislative body, in the case of a district designated under section 10.5 of this chapter, shall designate the duration of the district, but the duration may not exceed fifteen (15) years (at the time of designation).

(g) Upon adoption of a resolution designating a district, the advisory commission shall submit the resolution to the budget committee for review and recommendation to the budget agency.

(h) When considering a resolution, the budget committee and the budget agency must make the following findings:

(1) The area to be designated as a district meets the conditions necessary for designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

(i) The income tax incremental amount and the gross retail incremental amount may not be allocated to the district until the budget agency approves the resolution.

SECTION 239. IC 36-7-13-12.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 12.1. (a) If the executive of a city described in section 10.1(a) of this chapter has submitted an application to an advisory commission on industrial development requesting that an area be designated as a district under this chapter and the advisory commission has compiled and prepared the information required under section 11 of this chapter concerning the area, the advisory commission may adopt a resolution designating the area as a district if it finds the following:**

(1) That the redevelopment of the area in the district will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the area; or

(C) retain or expand a significant business enterprise within the area.

(2) That there are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or ineffective utility services.

(C) Utility relocation requirements.

(D) Transportation or access problems.

(E) Topographical obstacles to redevelopment.

(F) Environmental contamination.

(G) Lack of development or cessation of growth.

(H) Deterioration of improvements or character of occupancy, age, obsolescence, or substandard buildings.

(I) Other factors that have impaired values or prevent a normal development of property or use of property.

(b) To address the obstacles identified in subsection (a)(2), the city may make expenditures for:

(1) the acquisition of land;

(2) interests in land;

(3) site improvements;

(4) infrastructure improvements;

(5) buildings;

(6) structures;

(7) rehabilitation, renovation, and enlargement of buildings and structures;

(8) machinery;

(9) equipment;

(10) furnishings;

(11) facilities;

(12) administration expenses associated with such a project;

(13) operating expenses; or

(14) substance removal or remedial action to the area.

(c) In addition to the findings described in subsection (a), an advisory commission must also find that the city described in section 10.1(a) of this chapter has expended, appropriated, pooled, set aside, or pledged at least two hundred fifty thousand dollars ($250,000) for purposes of addressing the redevelopment obstacles described in subsection (a)(2).

(d) The advisory commission shall designate the duration of the district, but the duration may not exceed fifteen (15) years (at the time of designation).

(e) Upon adoption of a resolution designating a district, the advisory commission shall submit the resolution to the budget committee for review and recommendation to the budget agency.

(f) When considering a resolution, the budget committee and the budget agency must make the following findings:

(1) The area to be designated as a district meets the conditions necessary for designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

(g) The income tax incremental amount and the gross retail incremental amount may not be allocated to the district until the budget agency approves the resolution.

SECTION 240. IC 36-7-13-13, AS AMENDED BY P.L.174-2001, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13. (a) If an advisory commission on industrial development designates a district under section 12 **or 12.1** of this chapter or if the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter, the advisory commission, or the legislative body in the case of a district designated under section 10.5 of this chapter, shall send a certified copy of the resolution or ordinance designating the district to the department of state revenue by certified mail and shall include with the resolution a complete list of the following:

(1) Employers in the district.

(2) Street names and the range of street numbers of each street in the district.

The advisory commission, or the legislative body in the case of a district designated under section 10.5 of this chapter, shall update the list before July 1 of each year.

(b) Not later than sixty (60) days after receiving a copy of the resolution or ordinance designating a district, the department of state revenue shall determine the gross retail base period amount and the income tax base period amount.

SECTION 241. IC 36-7-13-15, AS AMENDED BY P.L.192-2002(ss), SECTION 175, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: 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.~~ **district.** 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~~ **district** 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; and

(B) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and

(2) deposited during any state fiscal year in each incremental tax financing fund established for a ~~county;~~ **district;**

may not exceed one million dollars ($1,000,000) per ~~county.~~ **district designated under section 10.5 or 12 of this chapter and seven hundred fifty thousand dollars ($750,000) per district for a**

district designated under section 10.1 or 12.1 of this chapter.

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a ~~county~~ **district** 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 242. IC 36-7-13-16, AS AMENDED BY P.L.174-2001, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 16. (a) A unit may issue bonds or other obligations to finance the costs of addressing the development obstacles described in section 12(b)(3), 12(c), 12(d)(3), ~~or~~ 12(e)(2), **or 12.1(a)** of this chapter in the district.

(b) The district bonds are special obligations of indebtedness of the district. The district bonds issued under this section, and interest on the district bonds, are payable solely out of amounts deposited in the industrial development fund under this chapter.

SECTION 243. [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)] **IC 6-3.1-19-1.5 and IC 6-3.1-19-2.5, both as added by this act, and IC 6-3.1-19-3, as amended by this act, apply to taxable years beginning after December 31, 2002.**

SECTION 244. [EFFECTIVE JULY 1, 2003] **(a) As used in this SECTION, "commission" refers to the government efficiency commission established by subsection (c).**

(b) As used in this SECTION, "state educational institution" has the meaning set forth in IC 20-12-0.5-1.

(c) The government efficiency commission is established.

(d) The commission consists of the following members:

(1) One (1) co-chairperson appointed before July 16, 2003, by the president pro tempore of the senate.

(2) One (1) co-chairperson appointed before July 16, 2003, by the speaker of the house of representatives.

(3) Ten (10) members appointed before August 16, 2003, by the president pro tempore of the senate, five (5) of those members appointed with the advice and consent of the minority leader of the senate.

(4) Ten (10) members appointed before August 16, 2003, by the speaker of the house of representatives, five (5) of those members appointed with the advice and consent of the minority leader of the house of representatives.

(e) The following may not be members of the commission:

(1) An elected or appointed state or local official.

(2) An employee or a person receiving a pension or other retirement benefit related to service to any of the following:

(A) A state educational institution.

(B) A school corporation or a charter school.

(C) The state or any agency of the state.

(3) A person who has a direct business relationship with any of the following:

(A) A state educational institution.

(B) A public school corporation.

(C) The state or any agency of the state.

(D) An elected or appointed state agency official.

(E) The general assembly or any of its members.

(f) A member of the commission is not entitled to a salary per diem.

(g) A member of the commission is entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as provided in the legislative council's travel policies and procedures.

(h) The commission shall meet upon the call of the co-chairpersons.

(i) The co-chairpersons may advise the president pro tempore of the senate, the minority

leader of the senate, the speaker of the house of representatives, and the minority leader of the house of representatives concerning the appointment of other members of the commission.

(j) A quorum of the commission must be present to conduct business. A quorum consists of a majority of the voting members appointed to the commission.

(k) The commission may not take an official action unless the official action has been approved by at least a majority of the voting members appointed to serve on the commission.

(l) The co-chairpersons shall establish and appoint commission members to four (4) subcommittees as follows:

(1) The K-12 education subcommittee.

(2) The higher education subcommittee.

(3) The Medicaid and human services subcommittee.

(4) The general government subcommittee.

(m) The co-chairpersons shall name the chairperson of each subcommittee.

(n) The commission shall do the following:

(1) Review all state funded agencies, departments, and programs.

(2) Make recommendations to improve efficiency and reduce waste or other unnecessary costs associated with any state funded agency, department, or program.

(o) The commission may accept donations to carry out the purposes of this SECTION.

(p) The following persons shall serve as staff advisers to the commission:

(1) The state budget director.

(2) The commissioner of the commission for higher education.

(3) The Indiana state board of education administrator.

(4) The executive director of the legislative services agency.

(q) The commission shall provide its final recommendations before December 31, 2004, to the following:

(1) The governor.

(2) The general assembly.

(r) This SECTION expires January 1, 2005.

SECTION 245. IC 4-4-5.1-12 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 12. The board shall submit an annual report to the legislative council before September 1. The report must contain the following information concerning fund activity in the preceding state fiscal year:**

(1) The name of each entity receiving a grant from the fund.

(2) The location of each entity sorted by:

(A) county, in the case of an entity located in Indiana; or

(B) state, in the case of an entity located outside Indiana.

(3) The amount of each grant awarded to each entity.

SECTION 246. IC 6-1.1-18.5-13, AS AMENDED BY P.L.192-2002(ss), SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the local government tax control board may recommend that a civil taxing unit receive any one (1) or more of the following types of relief:

(1) Permission to the civil taxing unit to reallocate the amount set aside as a property tax replacement credit as required by IC 6-3.5-1.1 for a purpose other than property tax relief. However, whenever this occurs, the local government tax control board shall also state the amount to be reallocated.

(2) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the local government tax control board the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons.

(3) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to meet the civil taxing unit's share of the costs of operating a court established by statute enacted after December 31, 1973. Before recommending such an increase, the local government tax control board shall consider all other revenues available to the civil taxing unit that could be applied for that purpose. The maximum aggregate levy increases that the local government tax control board may recommend for a particular court equals the civil taxing unit's share of the costs of operating a court for the first full calendar year in which it is in existence.

(4) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the quotient determined under STEP SIX of the following formula is equal to or greater than one and three-hundredths (1.03):

STEP ONE: Determine the three (3) calendar years that most immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the civil taxing unit's total assessed value of all taxable property in the particular calendar year, divided by the civil taxing unit's total assessed value of all taxable property in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the total assessed value of all taxable property of all civil taxing units in the particular calendar year, divided by the total assessed value of all taxable property of all civil taxing units in the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

In addition, before the local government tax control board may recommend the relief allowed under this subdivision, the civil taxing unit must show a need for the increased levy because of special circumstances, and the local government tax control board must consider other sources of revenue and other means of relief.

(5) Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to pay the costs of furnishing fire protection for the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local government tax control board under this subdivision for the ensuing calendar year may not exceed the lesser of:

(A) ten thousand dollars ($10,000); or

(B) twenty percent (20%) of:

(i) the amount authorized for operating expenses of a volunteer fire department in the budget of the civil taxing unit for the immediately preceding calendar year; plus

(ii) the amount of any additional appropriations authorized during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department under this chapter; minus

(iii) the amount of money borrowed under IC 36-6-6-14 during that calendar year for the

civil taxing unit's use in paying operating expenses of a volunteer fire department.

(6) Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter in order to raise revenues for pension payments and contributions the civil taxing unit is required to make under IC 36-8. The maximum increase in a civil taxing unit's levy that may be recommended under this subdivision for an ensuing calendar year equals the amount, if any, by which the pension payments and contributions the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded by distributions made to a civil taxing unit by the state.

(7) Permission to increase its levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the township's poor relief ad valorem property tax rate is less than one and sixty-seven hundredths cents ($0.0167) per one hundred dollars ($100) of assessed valuation; and

(B) the township needs the increase to meet the costs of providing poor relief under IC 12-20 and IC 12-30-4.

The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's poor relief ad valorem property tax rate of one and sixty-seven hundredths cents ($0.0167) per one hundred dollars ($100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars ($100) of assessed valuation before the increase.

(8) Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) the increase has been approved by the legislative body of the municipality with the largest population where the civil taxing unit provides public transportation services; and

(B) the local government tax control board finds that the civil taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent ($0.01) per one hundred dollars ($100) of assessed valuation.

(9) Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);

(ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);

(iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

(iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or

(v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous

substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents ($0.0667) for each one hundred dollars ($100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(10) Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

(i) was issued by a federal district court; and

(ii) has not been terminated;

(C) that operates a county jail that fails to meet:

(i) American Correctional Association Jail Construction Standards; and

(ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or **a** juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or **a** juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(11) Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

(12) Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed

under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.

(13) Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under subdivision (1) in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned to have reallocated in 2001 under subdivision (1) for a purpose other than property tax relief.

SECTION 247. IC 6-3.5-6-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) A county income tax council of a county in which the county option income tax is in effect may adopt an ordinance to increase the percentage credit allowed for homesteads in its county under IC 6-1.1-20.9-2.

(b) A county income tax council may not increase the percentage credit allowed for homesteads by an amount that exceeds ~~eight percent (8%).~~ **the amount determined in the last STEP of the following formula:**

STEP ONE: Determine the amount of the sum of all property tax levies for all taxing units in a county which are to be paid in the county in 2003 as reflected by the auditor's abstract for the 2002 assessment year, adjusted, however, for any postabstract adjustments which change the amount of the levies.

STEP TWO: Determine the amount of the county's estimated property tax replacement under IC 6-1.1-21-3(a) for property taxes first due and payable in 2003.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the amount of the county's total county levy (as defined in IC 6-1.1-21-2(g)) for property taxes first due and payable in 2003.

STEP FIVE: Subtract the STEP FOUR amount from the STEP ONE amount.

STEP SIX: Subtract the STEP FIVE result from the STEP THREE result.

STEP SEVEN: Divide the STEP THREE result by the STEP SIX result.

STEP EIGHT: Multiply the STEP SEVEN result by eight-hundredths (0.08).

STEP NINE: Round the STEP EIGHT product to the nearest one thousandth and express the result as a percentage.

(c) The increase of the homestead credit percentage must be uniform for all homesteads in a county.

(d) In the ordinance that increases the homestead credit percentage, a county income tax council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) An ordinance may be adopted under this section after January 1 but before June 1 of a calendar year.

(f) An ordinance adopted under this section takes effect on January 1 of the next succeeding calendar year.

(g) Any ordinance adopted under this section for a county is repealed for a year if on January 1 of that year the county option income tax is not in effect.

SECTION 248. [EFFECTIVE UPON PASSAGE] **(a) Notwithstanding IC 6-3.5-6-13, as amended by this act, or any other law, a county income tax council of a county in which the county option income tax is in effect may adopt an ordinance to increase the percentage credit allowed for homesteads in its county under IC 6-1.1-20.9-2 for property taxes first due and payable in 2003**

and each year thereafter.

(b) An ordinance may be adopted under this SECTION before July 1, 2003.

(c) Property tax statements mailed under IC 6-1.1-22 before July 1, 2003, in a county adopting an ordinance under this SECTION are superseded by property tax statements recalculated to implement this SECTION.

(d) The department of local government finance shall assist a county adopting an ordinance under this SECTION in implementing this SECTION.

(e) This SECTION expires January 1, 2004.

SECTION 249. IC 6-9-10-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. **(a) For purposes of this section, "person" includes a sole proprietorship, a partnership, an association, a corporation, a limited liability company, a fiduciary, or an individual.**

(b) The board may:

(1) accept and use gifts, grants, and contributions from any public or private source, under terms and conditions which the board deems necessary and desirable;

(2) sue and be sued;

(3) enter into contracts and agreements;

(4) make rules and regulations necessary for the conduct of its business and the accomplishment of its purposes; ~~and~~

(5) receive and approve, alter, or reject requests and proposals for funding by organizations; **and**

(6) either:

(A) finance facilities; or

(B) enter into contracts with a person to assist in the financing of facilities;

to be used by the board or a person to promote the development and growth of the convention and tourism industry in the county.

(c) By resolution of the board and by ordinance of the county fiscal body, the board and the county may jointly:

(1) pledge tax revenues received under this chapter to pay:

(A) the principal of or interest on bonds;

(B) the lease rental payments on leases; or

(C) other obligations of the county;

to finance facilities described in subsection (b)(6); or

(2) require financial or other reports from:

(A) any organization that receives funds under this chapter; or

(B) any person who receives assistance to finance facilities under this chapter.

(d) The board may pledge tax revenues received under this chapter to pay the interest on obligations entered into by a person with whom the board has entered into a contract to assist in financing facilities under subsection (b)(6).

(e) A pledge of revenues under this section is enforceable under IC 5-1-14-4.

SECTION 250. IC 6-9-10-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) There is imposed a tax on every person engaged in the business of renting or furnishing, for periods of less than thirty (30) days, any room or rooms, lodging, or accommodations in any hotel, motel, inn, university residence hall, tourist camp, or tourist cabin located in the county. However, the tax is not imposed on the renting or furnishing of rooms, lodgings, or accommodations to a person for a period of thirty (30) days or more, or on the renting or furnishing of any room, lodging, or accommodations in a university or college residence hall to a student participating in a course of study for which the student receives college credit from a college or university located in the county.

(b) The tax shall be imposed at the rate of three percent (3%) on the gross income derived from lodging income only. **Except as provided in subsection (g),** the fiscal body of the county may

increase the tax rate up to a maximum rate of five percent (5%). The tax is in addition to the state gross retail tax imposed on such persons by IC 6-2.5.

(c) The county fiscal body may adopt an ordinance to require that the tax be reported on forms approved by the county treasurer and that the tax shall be paid monthly to the county treasurer. If such an ordinance is adopted, the tax shall be paid to the county treasurer not more than twenty (20) days after the end of the month the tax is collected. If such an ordinance is not adopted, the tax shall be imposed, paid, and collected in exactly the same manner as the state gross retail tax is imposed, paid, and collected pursuant to IC 6-2.5.

(d) All of the provisions of IC 6-2.5 relating to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration shall be applicable to the imposition and administration of the tax imposed by this section except to the extent such provisions are in conflict or inconsistent with the specific provisions of this chapter or the requirements of the county treasurer. Specifically, and not in limitation of the foregoing sentence, the terms "person" and "gross income" have the same meaning in this section as they have in IC 6-2.5, except that "person" does not include state supported educational institutions.

(e) If the tax is paid to the department of state revenue, the returns to be filed for the payment of the tax under this section may be either a separate return or may be combined with the return filed for the payment of the state gross retail tax, as the department of state revenue may by rule determine.

(f) If the tax is paid to the department of state revenue, the amounts received from such tax shall be paid quarterly by the treasurer of state to the county treasurer upon warrants issued by the auditor of state.

(g) In addition to the rates authorized in subsection (b), the county fiscal body may adopt an ordinance to increase the tax by an additional rate of one percent (1%) on the gross income derived from lodging income, up to a maximum rate of six percent (6%), only to provide funds for the purposes described in section 5(b)(6) of this chapter.

(h) A tax rate imposed under subsection (g) may not be imposed for a time greater than is necessary to:

(1) pay the costs of financing facilities; or

(2) assist a person with whom the board has contracted to finance facilities;

described in section 5(b)(6) of this chapter.

(i) The county fiscal body may not take action to rescind the additional tax imposed under subsection (g) if:

(1) the principal of or interest on any bonds;

(2) the lease rentals due under any leases; or

(3) any other obligation;

remains unpaid.

SECTION 251. IC 6-9-10-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. **(a)** The county treasurer shall establish a convention and tourism fund and shall deposit in the fund all money ~~he~~ **the county treasurer** receives under section 6 of this chapter.

(b) The county treasurer shall establish an account of the fund into which the treasurer shall deposit all tax revenues received from the imposition of the additional tax rate under section 6(g) of this chapter. Money in the account shall be expended to pay:

(1) debt service on bonds issued by the county to finance facilities described in section 5(b)(6) of this chapter; or

(2) interest on obligations entered into by a person with whom the board has entered into a contract to assist in financing facilities described in section 5(b)(6) of this chapter.

(c) Money in the fund shall be expended by the board to develop and promote the convention and tourism industry.

SECTION 252. IC 6-9-10-9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 9. (a) A county described in section**

1 of this chapter has been presented a unique opportunity to enter into a public-private partnership to develop conference facilities that will serve to develop and promote the convention and tourism industry in the county.

(b) A county described in section 1 of this chapter is uniquely positioned to develop and promote its convention and tourism industry due to its geographic location as a gateway to the state and the presence of at least two (2) national highways traversing its boundaries.

SECTION 253. IC 6-9-10-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 10. With respect to:**

(1) bonds, leases, or other obligations for which the county has pledged tax revenues under section 5 of this chapter; or

(2) bonds issued by a lessor that are payable from lease rentals;

the general assembly covenants with the county, the purchasers or owners of the bonds or other obligations described in subdivision (1), and the owners of bonds described in subdivision (2) that this chapter will not be repealed or amended in any manner that will adversely affect the imposition or collection of the tax imposed under this chapter if the principal of any bonds, the interest on any bonds, or the lease rentals due under any lease remain unpaid.

SECTION 254. IC 6-3.5-7-5, AS AMENDED BY P.L.192-2002(ss), SECTION 121, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), ~~and~~ (p), **and (r)** the county economic development income tax may be imposed at a rate of:

(1) one-tenth percent (0.1%);

(2) two-tenths percent (0.2%);

(3) twenty-five hundredths percent (0.25%);

(4) three-tenths percent (0.3%);

(5) thirty-five hundredths percent (0.35%);

(6) four-tenths percent (0.4%);

(7) forty-five hundredths percent (0.45%); or

(8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), or (p), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g) or (p), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect July

1 of this year.".

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies 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). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

(1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or

(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900);

except as provided in subsection (p), the county economic development income tax rate plus the

county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

(1) the actual county economic development tax rate; and

(2) the maximum rate that would otherwise apply under this section.

(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

SECTION 255. IC 6-3.5-7-12, AS AMENDED BY P.L.192-2002(ss), SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 12. (a) Except as provided in sections 23, 25, ~~and~~ 26**, and 27** 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 sections 15 and 25 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, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 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.

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, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 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.

(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) Except as provided in sections 25 and 26 of this chapter, 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 department of local government finance 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 department of local government finance 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 sections 15, 25, and 26 of this chapter.

SECTION 256. IC 6-3.5-7-13.1, AS AMENDED BY P.L.192-2002(ss), SECTION 123, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13.1.(a) The fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. Except as provided in sections 23, 25, ~~and~~ 26**, and 27** of this chapter, the revenue received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund.

(b) Except as provided in sections 15, 23, 25, ~~and~~ 26**, and 27** of this chapter, revenues from the county economic development income tax may be used as follows:

(1) By a county, city, or town for economic development projects, for paying, notwithstanding any other law, under a written agreement all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project, for the retirement of bonds under section 14 of this chapter for economic development projects, for leases under section 21 of this chapter, or for leases or bonds entered into or issued prior to the date the economic development income tax was imposed if the purpose of the lease or bonds would have qualified as a purpose under this chapter at the time the lease was entered into or the bonds were issued.

(2) By a county, city, or town for:

(A) the construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8;

(B) the retirement of bonds issued under any provision of Indiana law for a capital project;

(C) the payment of lease rentals under any statute for a capital project;

(D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;

(E) operating expenses of a governmental entity that plans or implements economic development projects;

(F) to the extent not otherwise allowed under this chapter, funding substance removal or remedial action in a designated unit; or

(G) funding of a revolving fund established under IC 5-1-14-14.

(c) As used in this section, an economic development project is any project that:

(1) the county, city, or town determines will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the unit; or

(C) retain or expand a significant business enterprise within the unit; and

(2) involves an expenditure for:

(A) the acquisition of land;

(B) interests in land;

(C) site improvements;

(D) infrastructure improvements;

(E) buildings;

(F) structures;

(G) rehabilitation, renovation, and enlargement of buildings and structures;

(H) machinery;

(I) equipment;
(J) furnishings;
(K) facilities;
(L) administrative expenses associated with such a project, including contract payments authorized under subsection (b)(2)(D);
(M) operating expenses authorized under subsection (b)(2)(E); or
(N) to the extent not otherwise allowed under this chapter, substance removal or remedial action in a designated unit;

or any combination of these.

SECTION 257. IC 6-3.5-7-27 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 27. (a) This section applies to a county that:**

(1) operates a courthouse that is subject to an order that:

(A) is issued by a federal district court;

(B) applies to an action commenced before January 1, 2003; and

(C) requires the county to comply with the American with Disabilities Act; and

(2) has insufficient revenues to finance the construction, acquisition, improvement, renovation, equipping, and operation of the courthouse facilities and related facilities.

(b) A county described in this section possesses unique fiscal challenges in financing, renovating, equipping, and operating the county courthouse facilities and related facilities because the county consistently has one has one of the highest unemployment rates in Indiana. Maintaining low property tax rates is essential to economic development in the county. The use of economic development income tax revenues under this section for the purposes described in subsection (c) promotes that purpose.

(c) In addition to actions authorized by section 5 of this chapter, a county council may, using the procedures set forth in this chapter, adopt an ordinance to impose an additional county economic development income tax on the adjusted gross income of county taxpayers. The ordinance imposing the additional tax must include a finding that revenues from additional tax are needed to pay the costs of:

(1) constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities;

(2) repaying any bonds issued, or leases entered into, for constructing, acquiring, improving, renovating, equipping, or operating the county courthouse or related facilities; and

(3) economic development projects described in the county's capital improvement plan.

(d) The tax rate imposed under this section may not exceed twenty-five hundredths percent (0.25%).

(e) If the county council adopts an ordinance to impose an additional tax under this section, the county auditor shall immediately send a certified copy of the ordinance to the department by certified mail. The county treasurer shall establish a county facilities revenue fund to be used only for the purposes described in subsection (c)(1) and (c)(2). The amount of county economic development income tax revenues derived from the tax rate imposed under this section that are necessary to pay the const described in subsection (c)(1) and (c)(2) shall be deposited into the county facilities revenue fund before a certified distribution is made under section 12 of this chapter. The remainder shall be deposited into the economic development income tax funds of the county's units.

(f) County economic development income tax revenues derived from the tax rate imposed under this section may not be used for purposes other than those described in this section.

(g) County economic development income tax revenues derived from the tax rate imposed under this section that are deposited into the county facilities revenue fund may not be

considered by the department of local government finance in determining the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

(h) Notwithstanding section 5 of this chapter, and ordinance may be adopted under this section at any time. If the ordinance is adopted before June 1 of a year, a tax rate imposed under this section takes effect July 1 of that year. If the ordinance is adopted after May 31 of a year, a tax rate imposed under this section takes effect on the January 1 immediately following adoption of the ordinance.

(i) For a county adopting an ordinance before June 1 in a year, in determining the certified distribution under section 11 of this chapter for the calendar year beginning with the immediately following January 1 and each calendar year thereafter, the department shall take into account the certified ordinance mailed to the department under subsection (e). For a county adopting an ordinance after May 31, the department shall issue an initial or revised certified distribution for the calendar year beginning with the immediately following January 1. Except for a county adopting an ordinance after May 31, a county's certified distribution shall be distributed on the dates specified under section 16 of this chapter. In the case of a county adopting an ordinance after May 31, the county, beginning with the calendar year beginning on the immediately following January 1, shall receive the entire certified distribution for the calendar year on November 1 of the year.

(j) Notwithstanding any other law, funds accumulated from the county economic development income tax imposed under this section and deposited into the the county facilities revenue fund or any other revenues of the county may be deposited into a nonreverting fund of the county to be used for operating costs of the courthouse facilities, juvenile detention facilities, or related facilities. Amounts in the county nonreverting fund may not be used by the department of local government finance to reduce the county's ad valorem property tax levy for an ensuing calendar year under IC 6-1.1-18.5.

SECTION 258. IC 6-3.5-7-22.5, AS AMENDED BY P.L.90-2002, SECTION 299, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22.5. (a) This section applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500).

(b) In addition to the rates permitted by section 5 of this chapter, the county council may impose the county economic development income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).

(c) In order to impose the county economic development income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county economic development income tax are needed to pay the costs of:

(1) financing ~~constructing, acquiring, renovating, and equipping the county courthouse~~ and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions, including the repayment of bonds issued, or leases entered into for ~~constructing, acquiring, renovating, and equipping the county courthouse and~~ renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions;

(2) financing constructing, acquiring, renovating, and equipping buildings for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county; and

(3) financing constructing, acquiring, and renovating firefighting apparatus or other related equipment for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county.

The revenues from the county economic development income tax imposed under this section may not be used to pay the costs of financing constructing, acquiring, renovating, and equipping the

county courthouse.

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay ~~the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions.~~ **for the purposes described in this section.**

(e) The county treasurer shall establish a county ~~courthouse~~ **option tax** revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county ~~courthouse~~ **option tax** revenue fund before making a certified distribution under section 11 of this chapter.

(f) County economic development income tax revenues derived from the tax rate imposed under this section:

(1) may only be used for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

(g) A county described in subsection (a) possesses:

(1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under IC 6-3.5-1.1-9 for a prior year; and

(2) unique capital financing needs ~~due to the imminent transfer from the governing board of the county hospital of facilities no longer needed for hospital purposes and the need to undertake immediate improvements in order to make those facilities suitable for use by the county for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions.~~ **related to the purposes described in subsection (c).**

SECTION 259. IC 6-1.1-19-10.5, AS AMENDED BY P.L.90-2002, SECTION 191, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 1, 2003]: Sec. 10.5. Notwithstanding the order of the department of local government finance in the matter of the excessive levy appeal for emergency financial relief for Jay County School Corporation, the department shall grant approval of an excessive levy to a school corporation that has requested the excessive levy as a result of an intercept action. Such relief shall be granted as an advance of state funds to be paid back to the treasurer of state in ~~one~~ **two** hundred ~~twenty (120)~~ **forty (240)** payments of:

(1) thirteen thousand eight hundred eighty-two dollars ($13,882) beginning on January 15, 2001, and ending **May 15, 2003; and**

(2) equal installment amounts beginning June 15, 2003, and ending with final payment on December 31, ~~2010.~~ **2020.**

SECTION 260. IC 4-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

ARTICLE 1.5. ECONOMIC DEVELOPMENT

Chapter 1. Purpose

Sec. 1. The purpose of this article 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.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Board" refers to the board of the corporation established by IC 4-1.5-4-1.

Sec. 3. "Corporation" refers to the Indiana economic development corporation established by IC 4-1.5-3-1.

Sec. 4. "Economic development" refers to the purposes described in IC 4-1.5-1-1.

Sec. 5. "Office" refers to the office of economic development established by IC 4-1.5-7-1.

Chapter 3. Indiana economic development corporation

Sec. 1. The Indiana economic development corporation is established.

Sec. 2. The corporation is a body politic and corporate, not a state agency but an independent instrumentality exercising essential public functions.

Sec. 3. Employees of the corporation are not employees of the state.

Chapter 4. Corporation Board

Sec. 1. The corporation shall be governed by a board.

Sec. 2. The board is composed of the following twenty-three (23) members, none of whom may be members of the general assembly:

(1) Three (3) persons appointed by the governor who must be employed in or retired from the private or nonprofit sector.

(2) The lieutenant governor.

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

(4) Three (3) persons appointed by the minority leader of the house of representatives who must be employed in or retired from the private or nonprofit sector.

(5) Three (3) persons appointed by the president pro tempore of the senate who must be employed in or retired from the private or nonprofit sector.

(6) Three (3) persons 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. Subject to section 4 of this chapter, the terms of office of the members of the board are as follows:

(1) Members appointed by the governor, president pro tempore of the senate, or minority leader of the senate serve for terms of four (4) years.

(2) Members appointed by the speaker of the house of representatives, the minority leader of the house of representatives, or the president of a university or college serve for terms of two (2) 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. The initial members of the board must be appointed before July 16, 2003. 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. The terms of the initial board members expire July 1, 2005. Members are eligible for reappointment.

Sec. 5. The lieutenant governor shall serve as chairperson of the board.

Sec. 6. The members of the board 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 board are entitled to receive reimbursement for actual and necessary expenses on the same basis as state employees.

Sec. 7. Fifteen (15) members constitute a quorum for the transaction of business. The affirmative vote of at least twelve (12) members is necessary for any action to be taken by the board. Members may vote by written proxy delivered in advance to any other member who is present at the meeting.

Sec. 8. Meetings of the board shall be held at the call of the chairperson or whenever any six (6) members request a meeting. The members shall meet at least once every three (3) months to attend to the business of the board.

Chapter 5. General Powers

Sec. 1. Beginning July 1, 2005, the corporation shall carry out the economic development functions of the state in conformity with the laws enacted by the general assembly. Until July 1, 2005, the board of the corporation shall serve as an advisory board to the state on economic development matters.

Sec. 2. 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. 3. The corporation may, without the approval of the attorney general or any other state officer, employ bond counsel (after June 30, 2005), 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.

Sec. 4. The corporation shall determine qualifications, duties, compensation, and terms of service for persons employed by the corporation as employees or as independent contractors.

Sec. 5. After June 30, 2005, 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.

Chapter 6. Duties; Oversight

Sec. 1. On July 1, 2005, the following entities become subsidiaries or agencies of the corporation:

(1) Indiana small business development corporation established under IC 4-3-12-1.

(2) Indiana economic development council established under IC 4-3-14.

(3) Indiana development finance authority established by IC 4-4-11-4.

(4) The Indiana twenty-first century research and technology fund established under IC 4-4-5.1.

(5) The Indiana venture fund established under IC 4-4-11.7.

Sec. 2. Beginning July 1, 2005, the corporation is responsible for overseeing the operations of the entities described in section 1 of this chapter.

Sec. 3. The corporation shall do the following:

(1) Create and regularly update a strategic economic development plan.

(2) Establish strategic benchmarks and performance measures.

(3) Monitor and report on Indiana's economic performance.

(4) Market Indiana to businesses worldwide.

(5) Assist Indiana businesses that want to grow.

(6) Solicit funding from the private sector for selected initiatives.

Chapter 7. Office of Economic Development

Sec. 1. The office of economic development is established within the corporation.

Sec. 2. The office shall staff the board.

Sec. 3. The office shall carry out the functions of the corporation under the direction of the board.

SECTION 261. [EFFECTIVE JULY 1, 2003] **(a) The duties conferred on the department of commerce relating to energy policy are transferred to the office of energy policy on July 1, 2005.**

(b) The rules adopted by the department of commerce concerning energy policy before July 1, 2005, are considered, after June 30, 2005, rules of the office of energy policy until the office of energy policy adopts replacement rules.

(c) On July 1, 2005, the office of energy policy becomes the owner of all property relating to energy policy of the department of commerce.

(d) Any appropriations to the department of commerce relating to energy policy and any funds relating to energy policy under the control or supervision of the department of commerce on June 30, 2005, are be transferred to the control or supervision of the office of energy policy on July 1, 2005.

(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 office of energy policy by this act.

(f) This SECTION expires January 1, 2006.

SECTION 262. [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 on July 1, 2005.**

(b) The rules adopted by the department of commerce concerning tourism and community development before July1, 2005, are considered, after June 30, 2005, rules of the department of tourism and community development until the department of tourism and community development adopts replacement rules.

(c) On July 1, 2005, the department of tourism and community development becomes the owner of all property relating to tourism promotion and community development of the department of commerce.

(d) Any appropriations to the department of commerce relating to tourism and community development and funds relating to tourism and community development under the control or supervision of the department of commerce on June 30, 2005, are transferred to the control or supervision of the department of tourism and community development on July 1, 2005.

(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 January 1, 2006.

SECTION 263. [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 Indiana economic development corporation established by IC 4-1.5-3-1, as added by this act, on July 1, 2005.**

(b) The rules and policies adopted by the department of commerce related to economic development, except those related to energy policy and tourism and community development, before July 1, 2005, are considered, after June 30, 2005, policies of the Indiana economic development corporation until the corporation adopts replacement policies.

(c) On July 1, 2005, the Indiana economic development corporation becomes the owner of all property and obligations of the department of commerce that are associated with the economic development activities of the department of commerce, except property and obligations related to energy policy and tourism and community development.

(d) Any appropriations to the department of commerce and funds under the control or

supervision of the department of commerce related to its economic development functions, except appropriations and funds related to energy policy and tourism and community development, on June 30, 2005, are transferred to the Indiana economic development corporation on January 1, 2005.

(e) Any reference in a law or other document to the department of commerce or director of the department of commerce made before July1, 2005, and relating to its economic development function shall be treated after June 30, 2005, as a reference to the Indiana economic development corporation established by this act.

(f) 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 Indiana economic development corporation by this act.

(g) This SECTION expires January, 2006.

SECTION 264. [EFFECTIVE JULY 1, 2003] **The following bodies corporate and politic are transferred to the Indiana economic development corporation to be operated as separate corporate entities under the supervision of the Indiana economic development corporation on July 1, 2005:**

(1) Indiana small business development corporation established under IC 4-3-12-1.

(2) Indiana economic development council established under IC 4-3-14.

(3) Indiana development finance authority established by IC 4-4-11-4.

SECTION 265. IC 5-1-14-12.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 12.5. Notwithstanding any other law, an issuer may purchase any obligations on terms the issuer finds reasonable and may issue its obligations to effectuate that purpose on terms that the issuer finds reasonable.**

SECTION 266. IC 6-1.1-10-15.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 15.5. (a) As used in this section, "airport development zone" means an airport development zone designated under IC 8-22-3.5-5.**

(b) As used in this section, "allocated tax proceeds" refers to property taxes allocated under IC 8-22-3.5-9.

(c) As used in this section, "commission" has the meaning set forth in IC 8-22-3.5-2.

(d) As used in this section, "qualified airport development project" has the meaning set forth in IC 8-22-3.5-3.

(e) Before a person maintaining commercial passenger aircraft that is not subject to the aircraft excise tax under IC 6-6-6.5 may claim an exemption from property taxation for the commercial passenger aircraft, the commission must adopt a resolution authorizing the exemption for the commercial passenger aircraft.

(f) After the commission adopts a resolution described in subsection (e), a person maintaining a commercial passenger aircraft that is not subject to the aircraft excise tax under IC 6-6-6.5 may claim an exemption from property taxation for the commercial passenger aircraft if the following conditions exist when the commission adopts the resolution:

(1) The person is:

(A) a tenant or subtenant of any portion of the qualified airport development project; and

(B) a current user of all or any portion of the qualified airport development project.

(2) For purposes of maintenance, the aircraft will be located in the airport development zone.

(3) If bonds have been issued, either:

(A) the pledge of allocated tax proceeds to the payment of any bonds issued under IC 8-22-3-18.1 to finance any portion of the costs of the qualified airport development project has been discharged; or

(B) any bonds to which allocated tax proceeds were pledged have been paid in full in

accordance with the documents under which the bonds were issued.

If this subdivision applies, the person may not claim the exemption for a period longer than the original term of the bonds.

SECTION 267. IC 8-22-3.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **(a)** As used in this chapter, "qualified airport development project" means an airport development project that has a cost of the project (as defined in IC 4-4-10.9-5) greater than:

(1) five hundred million dollars ($500,000,000), if the project is to be located in a county having a consolidated city;

(2) two hundred fifty thousand dollars ($250,000), if the project is to be located in a city described in section 1(2) of this chapter or in a county described in section 1(3) or 1(4) of this chapter;

(3) five hundred thousand dollars ($500,000), if the project is to be located in a county described in section 1(5) of this chapter and is on the airport property; or

(4) two million dollars ($2,000,000) if the project is to be located in a county described in section 1(5) of this chapter and is located outside of the airport property but within the area described in IC 8-22-3.5-5(f).

Except as provided by subsection (b), the term includes any portion or expansion of the original qualified airport development project used by one (1) or more successor tenants.

(b) For purposes of section 9 of this chapter, the definition of "qualified airport development project" does not include any portion of, or expansion of, the original qualified airport development project used by a successor tenant unless the commission adopts a resolution to amend the definition to include that portion or expansion.

SECTION 268. IC 8-22-3.5-15, AS AMENDED BY P.L.192-2002(ss), SECTION 149, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) As used in this section, "state income tax liability" means a tax liability that is incurred under:

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

(2) any other tax imposed by this state and based on or measured by either gross income or net income.

(b) The attraction **or retention** 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 **or retain** 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 **or retaining** the qualified airport development project in the consolidated city;

(2) the construction, **modification, alteration,** 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.

SECTION 269. IC 36-7-14-25.1, AS AMENDED BY P.L.90-2002, SECTION 473, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 25.1. (a) In addition to other methods of raising money for property acquisition or redevelopment in a blighted area, and in anticipation of the special tax to be levied under section 27 of this chapter, the taxes allocated under section 39 of this chapter, or other revenues of the district, or any combination of these sources, the redevelopment commission may, by resolution **and subject to subsection (p),** issue the bonds of the special taxing district in the name of the unit. The amount of the bonds may not exceed the total, as

estimated by the commission, of all expenses reasonably incurred in connection with the acquisition and redevelopment of the property, including:

(1) the total cost of all land, rights-of-way, and other property to be acquired and redeveloped;

(2) all reasonable and necessary architectural, engineering, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and redevelopment of the property or the issuance of bonds;

(3) capitalized interest permitted by this chapter and a debt service reserve for the bonds to the extent the redevelopment commission determines that a reserve is reasonably required; and

(4) expenses that the redevelopment commission is required or permitted to pay under IC 8-23-17.

(b) If the redevelopment commission plans to acquire different parcels of land or let different contracts for redevelopment work at approximately the same time, whether under one (1) or more resolutions, the commission may provide for the total cost in one (1) issue of bonds.

(c) The bonds must be dated as set forth in the bond resolution and negotiable, subject to the requirements of the bond resolution for registering the bonds. The resolution authorizing the bonds must state:

(1) the denominations of the bonds;

(2) the place or places at which the bonds are payable; and

(3) the term of the bonds, which may not exceed fifty (50) years.

The resolution may also state that the bonds are redeemable before maturity with or without a premium, as determined by the redevelopment commission.

(d) The redevelopment commission shall certify a copy of the resolution authorizing the bonds to the municipal or county fiscal officer, who shall then prepare the bonds, **subject to subsection (p).** The seal of the unit must be impressed on the bonds, or a facsimile of the seal must be printed on the bonds.

(e) The bonds must be executed by the appropriate officer of the unit, and attested by the municipal or county fiscal officer.

(f) The bonds are exempt from taxation for all purposes.

(g) The municipal or county fiscal officer shall give notice of the sale of the bonds by publication in accordance with IC 5-3-1. The municipal fiscal officer, or county fiscal officer or executive, shall sell the bonds to the highest bidder, but may not sell them for less than ninety-seven percent (97%) of their par value. However, bonds payable solely or in part from tax proceeds allocated under section 39(b)(2) of this chapter, or other revenues of the district may be sold at a private negotiated sale.

(h) Except as provided in subsection (i), a redevelopment commission may not issue the bonds when the total issue, including bonds already issued and to be issued, exceeds two percent (2%) of the adjusted value of the taxable property in the special taxing district, as determined under IC 36-1-15.

(i) 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 redevelopment commission:

(1) from a special tax levied upon all of the property in the taxing district, as provided by section 27 of this chapter;

(2) from the tax proceeds allocated under section 39(b)(2) of this chapter;

(3) from other revenues available to the redevelopment commission; or

(4) from a combination of the methods stated in subdivisions (1) through (3).

If the bonds are payable solely from the tax proceeds allocated under section 39(b)(2) of this chapter, other revenues of the redevelopment commission, or any combination of these sources, they may be issued in any amount without limitation.

(j) 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.

(k) All laws relating to the giving of notice of the issuance of bonds, the giving of notice of a

hearing on the appropriation of the proceeds of the bonds, the right of taxpayers to appear and be heard on the proposed appropriation, and the approval of the appropriation by the department of local government finance apply to all bonds issued under this chapter that are payable from the special benefits tax levied pursuant to section 27 of this chapter or from taxes allocated under section 39 of this chapter.

(l) All laws relating to the filing of petitions requesting the issuance of bonds and the right of taxpayers to remonstrate against the issuance of bonds apply to bonds issued under this chapter, except for bonds payable solely from tax proceeds allocated under section 39(b)(2) of this chapter, other revenues of the redevelopment commission, or any combination of these sources.

(m) 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.

(n) Any amount remaining in the debt service reserve after all of the bonds of the issue for which the debt service reserve was established have matured shall be deposited in the allocation fund established under section 39(b)(2) of this chapter.

(o) If bonds are issued under this chapter that are payable solely or in part from revenues to the redevelopment commission from a project or projects, the redevelopment commission 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, but may not convey or mortgage any project or parts of a project. 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 redevelopment commission. The redevelopment commission 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 redevelopment commission that are payable solely from revenues of the commission shall contain a statement to that effect in the form of bond.

(p) If the total principal amount of bonds authorized by a resolution of the redevelopment commission is equal to or greater than three million dollars ($3,000,000), the bonds may not be issued without the approval, by resolution, of the legislative body of the unit.

SECTION 270. IC 20-1-20.5-8, AS ADDED BY P.L.146-1999, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. **(a)** The roundtable shall provide recommendations on subjects related to education to the following:

(1) The governor.

(2) The superintendent of public instruction.

(3) The general assembly.

(4) The board.

(b) Before providing a recommendation under subsection (a), the roundtable shall prepare an analysis of the fiscal impact that the recommendation will have on the state, political subdivisions, and private schools affected by the recommendation. The analysis must be submitted with the recommendation under subsection (a).

(c) Whenever the roundtable provides a recommendation under subsection (a) and the fiscal impact prepared under subsection (b) indicates that the impact of the recommendation will be at least five hundred thousand dollars ($500,000), the roundtable shall submit a copy of the recommendation and the fiscal impact prepared under subsection (b) to the legislative services agency for review. Not more than forty-five (45) days after receiving a copy of the recommendation and fiscal analysis, the legislative services agency shall prepare a fiscal analysis concerning the effect that compliance with the recommendation will have on:

(1) the state; and

(2) political subdivisions and private schools affected by the proposed recommendation.

The fiscal analysis must contain an estimate of the direct fiscal impact of the recommendation

and a determination concerning the extent to which the recommendation creates an unfunded mandate on the state, a political subdivision, or a private school affected by the proposed recommendation. The fiscal analysis is a public document. The legislative services agency shall make the fiscal analysis available to interested parties upon request. The roundtable shall provide the legislative services agency with the information necessary to prepare the fiscal analysis. The legislative services agency may also receive and consider applicable information from the entities affected by the recommendation in preparation of the fiscal analysis. The legislative services agency shall provide copies of its fiscal analysis to each of the persons described in subsection (a).

SECTION 271. IC 4-4-10.9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. The definitions in this chapter apply throughout this chapter, ~~and~~ IC 4-4-11, **and IC 4-4-31.**

SECTION 272. IC 4-4-10.9-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 5.5. "Covered taxes" refers to any of the following:**

(1) The state gross retail tax imposed under IC 6-2.5-2-1 or the use tax imposed under IC 6-2.5-3-2.

(2) The adjusted gross income tax imposed under IC 6-3-2-1.

SECTION 273. IC 4-4-10.9-6.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 6.1. "Distressed area" means a county in which:**

(1) the average annualized unemployment rate in each of the two (2) calendar years immediately preceding the current calendar year exceeded the statewide average annualized unemployment rate for each of the same calendar years by at least two percent (2%); or

(2) the average annualized unemployment rate in the immediately preceding calendar year was at least double the statewide average annualized unemployment rate for the same period;

as determined by the department of workforce development and published in the report required by IC 4-4-31-1.

SECTION 274. IC 4-4-31 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 31. Funding of Industrial Development Projects in Distressed Counties

Sec. 1. After June 30 and before July 15 of each year, the department of workforce development shall provide the authority with a list of the counties that qualify as distressed areas as of the date of the report. A copy of the list also shall be distributed to the department of commerce for use under IC 4-4-20.

Sec. 2. (a) The authority may adopt a resolution designating an industrial development project as a tax allocation project if the industrial development project is located in an area that is designated in the latest report issued under section 1 of this chapter as a distressed area. The authority shall designate in the resolution the boundaries of the tax allocation project area. The resolution designating a tax allocation project must provide for:

(1) allocation of covered taxes attributable to a taxable event or covered taxes earned in the tax allocation project area to an industrial development project area fund established for the industrial development project;

(2) use of money in the industrial development project area fund solely for payments related to bonds, loans, or leases issued under this article to pay for the costs of the project; and

(3) termination of the industrial development project area fund upon payment of all obligations described in subdivision (2).

(b) A resolution adopted under this section may not apply to an industrial development project that will result in the loss of employment in any part of Indiana.

(c) The authority shall incorporate the resolution adopted under this section into the financing agreement entered into between the developer of the industrial development project and the authority.

Sec. 3. Subject to the approval of the budget agency under section 4 of this chapter, a resolution adopted under section 2 of this chapter authorizes the allocation of the following covered taxes (in excess of the base allocation amount and not exceeding an amount that will result in an allocation in the county from all industrial development projects in the county of not more than five hundred thousand dollars ($500,000)) to the industrial development project area fund for an industrial development project:

(1) Covered taxes incurred by a developer as a consequence of the development of the industrial development project, including gross retail taxes collectible by a retail merchant on goods or services provided to the developer for the industrial development project.

(2) Covered taxes that:

(A) are incurred by an individual or entity that leases, controls, uses, or operates in; and

(B) are attributable to a taxable event related to or earned through lease, control, use, or operations in;

facilities developed through an industrial development project, including gross retail taxes collectible by a retail merchant on goods or services provided to the individual or entity.

(3) Covered taxes that:

(A) are incurred by an individual or entity that is a partner, shareholder, or member of an entity that leases, controls, uses, or operates in; and

(B) are attributable to a taxable event related to or earned through lease, control, use, or operations in;

facilities developed through an industrial development project.

(4) Four percent (4%) of covered taxes on wages or other compensation earned by persons employed or providing services at facilities financed through an industrial development project, including services related to the construction, reconstruction, improvement, or repair of the facilities.

The power to allocate money under this section expires not later than two (2) years after the beginning date specified by the authority.

Sec. 4. (a) The authority shall provide the department of state revenue, the auditor of state, and the budget agency with a copy of any resolution adopted under section 2 of this chapter and the related financing agreement.

(b) A resolution adopted under section 2 of this chapter is subject to the approval of the budget agency. The budget agency shall notify the authority, the department of state revenue, and the auditor of state of its decision concerning the resolution.

(c) Upon receipt of notification that the budget agency has approved the resolution:

(1) the auditor of state shall establish an industrial development project area fund for the industrial development project;

(2) the department of state revenue shall compute the base allocation amount for the industrial development project area;

(3) the department of state revenue shall annually deposit the covered taxes subject to the resolution (to the extent that the amount exceeds the base allocation amount) in the industrial development project area fund for the industrial development project; and

(4) the auditor of state shall make payments from the industrial development project area fund in accordance with the resolution and the financing agreement for the industrial development project.

Sec. 5. The department of state revenue shall estimate the base allocation amount from the

data available to the department and any other data supplied by the authority. The base allocation amount is equal to the amount of covered taxes deposited from taxable events occurring, or from wages or other compensation earned, in the tax allocation project area in the calendar year immediately preceding the calendar year in which the resolution is adopted under section 2 of this chapter.

Sec. 6. An industrial development project area fund established under section 4 of this chapter shall be treated as a trust fund. Money in an industrial development project area fund is annually appropriated for purposes of the industrial development project for which it was created and may be used only for the purposes specified in the resolution and financing agreement for the industrial development project. Money in the industrial development project area fund at the end of a state fiscal year does not revert to the state general fund. However, unencumbered money remaining in an industrial development project area fund upon payment of all obligations for which the fund was created reverts to the state general fund.

Sec. 7. The department of state revenue may adopt rules under IC 4-22-2 and prescribe forms to carry out its responsibilities under this chapter, including the establishment of requirements concerning the filing of informational returns necessary to identify tax receipts that are to be deposited in an industrial development project area fund.

Sec. 8. This chapter expires July 1, 2005.

SECTION 275. [EFFECTIVE JULY 1, 2003] **(a) The department of state revenue may adopt rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to carry out its responsibilities under IC 4-4-31, as added by this act. A rule adopted under this SECTION expires on the latest of the following:**

(1) The date specified by the department of state revenue in a rule.

(2) The date the department of state revenue adopts a temporary or permanent rule to replace another rule adopted under this SECTION.

(3) July 1, 2005.

(b) This SECTION expires July 2, 2005.

SECTION 276. IC 5-13-9-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 10. (a) The investing officers of two (2) or more political subdivisions located within a county may establish a joint investment fund by entering into a written master agreement that defines the rights and obligations of the participating political subdivisions**.

(b) An investing officer of a political subdivision that enters into a written master agreement under subsection (a) may pay funds that are held by the investing officer and that are available for investment into the joint investment fund.

(c) The fund shall be administered by a board, which must be comprised of the investing officer of each of the participating political subdivisions and which must be an instrumentality of the participating political subdivisions. Each officer of a political subdivision located within the county who is designated in section 1 of this chapter may pay funds that are held by the officer and available for investment into a joint fund known as a joint investment fund. The fund is administered by a board comprised of the investing officer of each of the participating political subdivisions and is an instrumentality of the participating political subdivisions.

(d) A joint investment fund must be invested and reinvested as a separate and individual fund.

(e) A written master agreement under subsection (a) must provide the following:

(1) A political subdivision may participate in a joint investment fund only with the written authorization of its local board of finance.

(2) A political subdivision may participate in a joint investment fund only if its legislative body approves the written master agreement.

(3) The board of a joint investment fund shall establish written policies for the investment and reinvestment of joint investment funds in the manner provided by IC 30-4-3-3.

(4) A fund shall be invested and reinvested as prescribed in subdivision (3).

(5) A custodian bank or trust company located in Indiana must:

(A) be selected and contracted by the board of a joint investment fund to hold the securities and other investments of the joint investment fund;

(B) collect the income and other receipts from the securities and other investments; and

(C) provide any other services appropriate and customary for a custodian;

subject to the direction of the board of a joint investment fund.

(6) The board of a joint investment fund may select and contract with a fund administrator to provide investment advice to the board and any other services determined by the board to be appropriate and necessary for the efficient administration and accounting of the joint investment fund. The fund administrator shall agree to recommend only securities and other investments as prescribed in the written policies established by the board in rendering investment advice to the board and shall agree to be responsible, accountable, and liable for any breach of this provision. The fund administrator must have experience in the investment of public funds for governmental entities and must be either of the following:

(A) A financial institution located in Indiana.

(B) Registered as an investment adviser with the United States Securities and Exchange Commission under the Investment Advisors Act of 1940, as amended (15 U.S.C. 80a-9 et seq.), with public funds under management in the amount of at least one hundred million dollars ($100,000,000).

(7) A joint investment fund must be audited at least annually by an independent auditing firm, with a copy of the audit provided to each participating political subdivision.

(8) The administrative expenses of a joint investment fund, including fees for the fund administrator, custodian, auditor, and other professional services, must be paid from the fund's interest earnings.

(9) The interest earnings that exceed the administrative expenses of a joint investment fund must be credited to each political subdivision participating in the joint investment fund in a manner that equitably reflects the differing amounts and terms of the political subdivision's investment in the joint investment fund.

(10) Each participating political subdivision shall receive reports, including a daily transaction confirmation reflecting any activity in the political subdivision's account and monthly reports reflecting its investment activity in the joint investment fund and the performance and composition of the joint investment fund itself.

(11) The board of a joint investment fund shall meet at least annually to review the operation and performance of the joint investment fund, the custodian, the fund administrator, the auditor, and any other professional retained by the board.

(12) The board of a joint investment fund shall provide for any other policies that are necessary for the efficient administration and accounting of the joint investment fund and are consistent with the law governing the investment, management, deposit, and safekeeping of public funds of political subdivisions.

SECTION 277. IC 8-1-2.6-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) A regulatory flexibility committee is established to monitor competition in the telephone industry.

(b) The committee is composed of the members of ~~the~~ **a** house ~~commerce~~ **standing** committee **selected by the speaker of the house of representatives** and ~~the~~ **a** senate ~~commerce~~ **standing** committee **selected by the president pro tempore of the senate. In selecting standing committees under this subsection, the speaker and president pro tempore shall determine which standing committee of the house of representatives and the senate, respectively, has subject matter jurisdiction that most closely relates to the electricity, gas, energy policy, and telecommunications jurisdiction of the regulatory flexibility committee.** The ~~chairman~~

chairpersons of ~~each of those~~ **the standing** committees **selected under this subsection** shall co-chair the regulatory flexibility committee.

(c) The commission shall, by July 1 ~~1993, and~~ **of** each year, ~~thereafter,~~ prepare for presentation to the regulatory flexibility committee an analysis of the effects of competition on universal service and on pricing of all telephone services under the jurisdiction of the commission.

(d) In addition to reviewing the commission report prepared under subsection (c), the regulatory flexibility committee shall also issue a report and recommendations to the legislative council by November 1 ~~1993, and~~ **of** each year ~~thereafter~~ that is based on a review of the following issues:

(1) The effects of competition in the telephone industry and impact of competition on available subsidies used to maintain universal service.

(2) The status of modernization of the public telephone network in Indiana and the incentives required to further enhance this infrastructure.

(3) The effects on economic development and educational opportunities of this modernization.

(4) The current method of regulating telephone companies and the method's effectiveness.

(5) The economic and social effectiveness of current telephone service pricing.

(6) All other telecommunications issues the committee deems appropriate.

(e) The regulatory flexibility committee shall meet on the call of the ~~co-chairmen~~ **co-chairpersons** to study telecommunications issues described in subsection (d). The committee shall, with the approval of the commission, retain the independent consultants the committee considers appropriate to assist the committee in the review and study. The expenses for the consultants shall be paid by the commission.

SECTION 278. IC 4-12-1-11.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 11.5. For purposes of any statute that requires budget committee review before an action may be taken by a state agency or other entity, budget committee review is considered to have taken place when the action requiring review has been included on an approved agenda of the budget committee in the part of the agenda concerning review items.**

SECTION 279. IC 6-1.1-12.3 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]:

Chapter 12.3. Intrastate Aircraft Deduction

Sec. 1. This chapter applies only to the following:

(1) Aircraft that:

(A) have a seating capacity of not less than nine (9) passengers;

(B) are used in the air transportation of passengers or passengers and property; and

(C) are owned or operated by a person that is:

(i) an air carrier certified under Federal Aviation Regulation Part 121; or

(ii) a scheduled air taxi operator certified under Federal Aviation Regulation Part 135.

(2) Aircraft that:

(A) are used to transport only property, regardless of whether the aircraft is operated as a common carrier for compensation; and

(B) are owned or operated by a person that is:

(i) an air carrier certified under Federal Aviation Regulation Part 121; or

(ii) a scheduled air taxi operator certified under Federal Aviation Regulation Part 135.

Sec. 2. As used in this chapter "abatement property" refers to aircraft described in section 1 of this chapter.

Sec. 3. As used in this chapter, "aircraft" has the meaning set forth in 49 U.S.C. 40102.

Sec. 4. As used in this chapter, "air transportation" means transportation of passengers or property by aircraft as a common carrier for compensation.

Sec. 5. As used in this chapter, "business entity" refers to a corporation (as defined in IC 6-3-1-10) or partnership (as defined in IC 6-3-1-19).

Sec. 6. As used in this chapter, "intrastate airline service" means service provided in Indiana by an aircraft that is used during a service period in which ground time is determined for purposes of calculating ad valorem property taxes to fly:

(1) either directly:

(A) between:

(i) a qualifying medium hub airport; and

(ii) at least two (2) qualifying underserved airports; or

(B) between:

(i) two (2) qualifying commercial service airports, one (1) of which is not a qualifying underserved airport; or

(ii) a qualifying medium hub airport and a qualifying commercial service airport other than a qualifying underserved airport; and

(2) a route described in subdivision (1)(A) or (1)(B) at least five (5) times per week in each week during the service period immediately preceding an assessment date.

Sec. 7. As used in this chapter, "qualifying commercial service airport" means a commercial service airport (as defined in 14 CFR 158.3, as effective January 1, 2003) that is located in Indiana.

Sec. 8. As used in this chapter, "qualifying medium hub airport" means a medium hub airport (as defined in 14 CFR 398.2, as effective January 1, 2003) that is located in Indiana.

Sec. 9. As used in this chapter, "qualifying underserved airport" means a qualifying commercial service airport that serves a municipality that is not directly connected by an interstate highway with a municipality served by a qualifying medium hub airport.

Sec. 10. As used in this chapter, "service period" means a period beginning March 1 in a year immediately preceding an assessment date and ending on February 28 in the year containing an assessment date.

Sec. 11. As used in this chapter, "taxpayer" means a business entity that is liable under IC 6-1.1-2-4, as applied under IC 6-1.1-3 or IC 6-1.1-8, for ad valorem property taxes on abatement property.

Sec. 12. A taxpayer is entitled to a deduction from the assessed value of abatement property that is used to provide intrastate airline service between locations described in section 6(1)(A) of this chapter.

Sec. 13. A taxpayer is entitled to a deduction from the assessed value of abatement property used to provide intrastate airline service between at least two (2) locations described in section 6(1)(B) of this chapter only if the same or another taxpayer provides intrastate airline service between locations described in section 6(1)(A) of this chapter during the same service period.

Sec. 14. The deduction applies to ad valorem property taxes calculated using aircraft ground times. The amount of a deduction available under section 12 or 13 of this chapter is equal to the product of:

(1) one hundred percent (100%) of the assessed value of the abatement property; multiplied by

(2) with respect to the ground time determined for purposes of calculating ad valorem property taxes for the aircraft, the quotient of:

(A) the ground time that immediately precedes a flight to an Indiana destination; divided by

(B) the total ground time.

Sec. 15. (a) Any part of an ad valorem property tax assessment attributable to ground times during a week:

(1) in which the requirements of section 6(2) of this chapter are not met; and

(2) for which noncompliance is not waived under section 16 of this chapter;

may not be deducted under section 12 or 13 of this chapter.

(b) Any part of an ad valorem property tax assessment attributable to ground times during a week in which intrastate air service described in section 6(1)(A) of this chapter is not also available may not be deducted under section 13 of this chapter.

Sec. 16. Based on:

(1) extraordinary circumstances that prevent a taxpayer from using abatement property to meet the requirements under section 6(2) of this chapter; or

(2) the start-up of service after the beginning of a service period;

the airport operator of the airports (other than a qualifying medium hub airport) that were directly affected by reduced service may waive compliance with section 6(2) of this chapter during all or part of the period in which the circumstances preventing regular service occurred. A taxpayer shall be treated as in compliance with section 6(2) of this chapter to the extent that compliance with the provision is waived under this section.

Sec. 17. To qualify for the deduction, the taxpayer must claim the deduction, in the manner prescribed by the department of local government finance, on the taxpayer's personal property tax return filed under IC 6-1.1-3 or IC 6-1.1-8 (or an amended return filed within the time allowed under this article) for the abatement property to which the deduction applies.

SECTION 280. IC 6-6-6.5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 12. **(a)** Effective January 1, 1976, there is hereby imposed an annual license excise tax upon taxable aircraft, which tax shall be in lieu of the ad valorem property tax levied for state or local purposes. No taxable aircraft shall be assessed as personal property for the purpose of the assessment and levy of personal property or shall be subject to ad valorem taxes, beginning with taxes for the year of 1975 payable in 1976 and thereafter.

(b) Eligibility of aircraft for a deduction under IC 6-1.1-12.3 does not exempt a taxpayer from the tax imposed under this chapter on the aircraft.

SECTION 281. IC 8-22-3-25, AS AMENDED BY P.L.1-1999, SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 25. (a) **Subject to subsection (c),** the board may provide a cumulative building fund in compliance with IC 6-1.1-41 to provide for the acquisition of real property, and the construction, enlarging, improving, remodeling, repairing, or equipping of buildings, structures, runways, or other facilities for use in connection with the airport ~~and~~ needed to carry out this chapter **and to facilitate and support commercial intrastate air transportation.**

(b) The board may levy in compliance with IC 6-1.1-41 a tax not to exceed:

(1) thirty-three hundredths of one cent ($0.0033) on each one hundred dollars ($100) of assessed value of taxable property within the district, if an eligible entity other than a city established the district or if the district was established jointly with an eligible entity that is not a city;

(2) one and thirty-three hundredths cents ($0.0133) on each one hundred dollars ($100) of assessed value of taxable property within the district, if the authority was established under IC 19-6-3 (before its repeal on April 1, 1980); and

(3) for any other district not described in subdivision (1) or (2), the following:

Total Assessed Property Valuation	Rate Per $100 Of Assessed Valuation
$300 million or less	$0.0167
More than $300 million but not more than $450 million	$0.0133
More than $450 million but not more than $600 million	$0.01
More than $600 million but not more than $900 million	$0.0067
More than $900 million	$0.0033

As the tax is collected it may be invested in negotiable United States bonds or other securities that the federal government has the direct obligation to pay. Any of the funds collected that are not invested

in government obligations shall be deposited in accordance with IC 5-13-6 and shall be withdrawn in the same manner as money is regularly withdrawn from the general fund but without further or additional appropriation. The levy authorized by this section is in addition to the levies authorized by section 11 and section 23 of this chapter.

(c) Spending under subsection (a) to facilitate and support commercial intrastate air transportation is subject to a maximum of one million dollars ($1,000,000) cumulatively for all years in which money is spent under that subsection.

SECTION 282. [EFFECTIVE JANUARY 1, 2004] **IC 6-3.1-27 and 6-3.1-28, both as added by this act, apply to taxable years beginning after December 31, 2003.**

SECTION 283. [EFFECTIVE JULY 1, 2002 (RETROACTIVE) **Notwithstanding IC 4-33-13-5(a)(1), before July 1, 2003, the first thirty-three million dollars ($33,000,000) of tax revenues collected in a state fiscal year under IC 4-33-13 shall be deposited in the state general fund.**

SECTION 284. [EFFECTIVE UPON PASSAGE] **(a) The provisions of this act are severable in the manner provided by IC 1-1-1-8(b).**

(b) If a provision of this act is found by a court of competent jurisdiction to be in violation of Article 4, Section 23 of the Constitution of the State of Indiana, it is the intent of the general assembly that the provision be given general application.

SECTION 285. **An emergency is declared for this act.**

(Reference is to EHB 1001 as reprinted April 4, 2003.)

Conference Committee Report
on
Engrossed House Bill 1001

Signed by:

Representative Crawford Chairperson	Senator Meeks R
Representative Espich	Senator Simpson
House Conferees	**Senate Conferees**