



Reprinted
April 7, 2005

ENGROSSED HOUSE BILL No. 1120

DIGEST OF HB 1120 (Updated April 6, 2005 6:47 pm - DI 44)

Citations Affected: Numerous provisions throughout the Indiana code.

Synopsis: State and local finance matters. Establishes the Indiana stadium and convention building authority (SCBA) to acquire, construct, equip, own, lease, and finance facilities for lease to or for the benefit of a capital improvement board. Prohibits the SCBA from issuing bonds unless: (1) each contract for the construction of any facility to be financed in whole or in part through the issuance of the bonds requires payment of the common construction wage; and (2) certain requirements with respect to seat licenses, ticket prices, and resale of tickets are met with respect to a football stadium. Authorizes the Indianapolis city-county council to increase the rates of the: (1) county supplemental auto rental excise tax; (2) county innkeeper's tax; (3) county food and beverage tax; and (4) county admissions tax; and provides that the resulting increased revenue is to be distributed to the Marion County capital improvement board for use in paying debt service on certain obligations issued by the SCBA. Authorizes the counties contiguous to Marion County, and certain municipalities
(Continued next page)

Effective: January 1, 2005 (retroactive); May 15, 2005; upon passage; July 1, 2005; January 1, 2006.

Espich, Klinker, Davis, Adams T

(SENATE SPONSOR — KENLEY)

January 6, 2005, read first time and referred to Committee on Ways and Means.
January 27, 2005, reported — Do Pass.
January 31, 2005, read second time, amended, ordered engrossed.
February 1, 2005, engrossed. Read third time, passed. Yeas 96, nays 0.

SENATE ACTION

February 14, 2005, read first time and referred to Committee on Tax and Fiscal Policy.
April 4, 2005, amended, reported favorably — Do Pass.
April 6, 2005, read second time, amended, ordered engrossed.

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located in those counties, to adopt a food and beverage tax. Authorizes the SCBA and the development finance authority to enter into swap agreements. Authorizes the budget director to increase the amount of state tax revenue that is annually captured by the Marion County professional sports development area. Prohibits the expansion of the Marion County professional sports development area except with respect to the site of a facility to be financed by the SCBA. Prohibits the expansion of a professional sports and convention development area in other counties. Repeals the current law concerning termination of the Marion County food and beverage tax. Limits the property taxes that are eligible for state property tax replacement credits and homestead credits and lowers the property tax replacement credit given for property owned or under the control of a corporation. Establishes a county income tax to replace the county adjusted gross income tax, county option income tax, county economic development tax, employment tax, and municipal option income tax. Allows an annual increase in local revenues to be funded through increases in local income taxes rather than property taxes. Allows an increase at the greater of the tax growth quotient or the assessed value growth quotient. Reorganizes property tax control laws concerning budgets, levies, tax rates, bond and lease remonstrances, and bond and lease review. Limits the amount of debt that may be considered in allocating local income tax revenue to political subdivisions. Extends the petition and remonstrance provisions and review provisions to debt and leases financed through local income taxes. Consolidates the school property tax control board and the local government tax control board. Repeals the county tax adjustment board. Reallocates riverboat admissions and wagering tax revenue by capping the amount each political subdivision receives from each tax at: (1) the 2002 base year amount; or (2) the greater of \$2,000,000 or 20% of the subdivision's maximum levy; whichever is less. Retains the 2002 base year amounts for the local convention and visitor bureaus, the department of mental health, the state fair commission, and the horse racing commission. Deducts future growth under local agreements from state distributions. Provides a property tax deduction for a building if materials made from coal combustion products are systematically used in the building's construction. Extends the termination date for authority to approve new property tax abatements or to establish new tax increment finance areas from December 31, 2005, to December 31, 2011. Repeals the limitation of tax abatements for new logistical distribution equipment and new information technology equipment to certain counties located along Interstate Highway 69. Requires the filing of a personal property return schedule to apply for personal property tax abatement (instead of filing a separate application deduction) and provides that if the township assessor or county assessor does not deny the application, the abatement applies in the amount claimed or in an amount determined by the township assessor or county assessor. Establishes a property tax investment deduction in declining amounts over three years for certain real property development, redevelopment, or rehabilitation that increases assessed value and creates or retains employment. Establishes a similar deduction for the installation of personal property other than inventory. Allows money in the enterprise zone fund to be used to pay administrative expenses of local urban enterprise associations (UEAs). Establishes the enterprise zone investment deduction, which allows a taxpayer who makes a qualified investment to obtain a deduction against the assessed value of a taxpayer's enterprise zone property located in an enterprise zone. Requires the department of state revenue to annually compile and report to the Indiana economic development corporation (IEDC) information on the enterprise zone loan interest credit. Adds the new deduction and the loan interest credit to the list of incentives that make a zone business subject to the requirement to pay a registration fee to the state

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enterprise zone board and to assist a local UEA. Indicates that an out-of-state provider is subject to the utility services tax whenever the provider furnishes utility services to an end user in Indiana for consumption in Indiana and the transaction is not otherwise exempt from taxation. Imposes a utility services user tax on a person that uses or consumes utility services received from an out-of-state provider. Expands the sales tax exemption for tangible personal property used by professional motor vehicle racing teams. Exempts a person from 100% of the sales tax on research and development equipment acquired after June 30, 2007. Provides a refund of 50% of the sales taxes paid on transactions involving research and development equipment acquired after June 30, 2005, and before July 1, 2007. Increases the qualified research expense credit from 10% to 15% on the first \$1,000,000 of investment for taxable years beginning after December 31, 2007. Reduces from 15 to 10 the number of years for which a taxpayer may carry over a research expense credit. Excludes certain debt provided by a financial institution after May 15, 2005, from the definition of "qualified investment capital" that is eligible for the venture capital investment tax credit. Specifies that a business primarily focused on professional motor vehicle racing is eligible for certification as a qualified Indiana business for purposes of the venture capital investment tax credit. Increases the total amount of venture capital investment tax credits that may be allowed in a calendar year from \$10,000,000 to \$12,500,000. Provides that a taxpayer may not carry over a venture capital investment credit for more than five taxable years following the first taxable year in which the credit is claimed. Provides that the enterprise zone investment cost credit is assignable under certain conditions. Permits Tippecanoe County to increase its innkeeper's tax from 5% to 6%. Changes the amount of the Hoosier business investment tax credit (HBITC) from 30% to 10% of the qualified investment and deletes the provision stating that the amount of the credit claimed in a taxable year may not exceed the lesser of the taxpayer's state tax liability growth or 30% of the qualified investment. Repeals the HBITC definition of state tax liability growth. Deletes the requirement that an applicant for the HBITC must have conducted business in Indiana for at least one year before the date of the application. Provides that the HBITC may be carried over for a maximum of five years (instead of nine years). Provides that costs associated with the purchase of machinery, equipment, or special purpose buildings used to make motion pictures or audio productions are qualified investments for purposes of the HBITC. Authorizes the Evansville city council to impose a supplemental auto rental excise tax in Vanderburgh County. Increases the tax on cigarettes by \$0.19 per pack and distributes the revenue from the increase to the state general fund. Reduces the distributor discount for the purchase of cigarette tax stamps by a corresponding amount. Increases the oil inspection fee from \$0.008 to \$0.01 per gallon (40 cents to 50 cents per 50 gallon barrel) and adds "special fuel" (diesel fuel) to the list of petroleum products subject to the fee. Authorizes the use of state and university owned property free of charge as locations for making motion pictures. Provides that the provisions authorizing the IEDC to administer the EDGE tax credit and the HBITC tax credit take effect on February 9, 2005 (the date the EDGE board was abolished) instead of July 1, 2005. Requires the legislative body of each unit that contains the geographic area of an enterprise zone to adopt a resolution recommending the continuation or termination of the zone and provides that the zone terminates on December 31, 2005, if the legislative body recommended termination.

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April 7, 2005

First Regular Session 114th General Assembly (2005)

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1120

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

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

1 SECTION 1. IC 1-1-4-7 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1,
3 2005]: **Sec. 7. A reference in the Indiana Code to controlled taxes**
4 **means a tax or tax rate that is subject to the limitations imposed**
5 **under IC 6-12. The term applies only to the following taxes:**

6 (1) **Property taxes (other than a property tax that a statute**
7 **specifically treats as excluded from the controlled tax limits**
8 **computed under IC 6-12).**
9 (2) **County income taxes imposed under IC 6-11 (other than**
10 **a part of a county income tax imposed in a county that a**
11 **statute specifically treats as excluded from the controlled tax**
12 **limits computed under IC 6-12).**

13 SECTION 2. IC 4-4-11-15 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE MAY 15, 2005]: **Sec. 15. (a) The authority**
15 **is granted all powers necessary or appropriate to carry out and**
16 **effectuate its public and corporate purposes under this chapter,**
17 **IC 4-4-21, and IC 15-7-5, including but not limited to the following:**

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- 1 (1) Have perpetual succession as a body politic and corporate and
- 2 an independent instrumentality exercising essential public
- 3 functions.
- 4 (2) Without complying with IC 4-22-2, adopt, amend, and repeal
- 5 bylaws, rules, and regulations not inconsistent with this chapter,
- 6 IC 4-4-21, and IC 15-7-5 and necessary or convenient to regulate
- 7 its affairs and to carry into effect the powers, duties, and purposes
- 8 of the authority and conduct its business.
- 9 (3) Sue and be sued in its own name.
- 10 (4) Have an official seal and alter it at will.
- 11 (5) Maintain an office or offices at a place or places within the
- 12 state as it may designate.
- 13 (6) Make and execute contracts and all other instruments
- 14 necessary or convenient for the performance of its duties and the
- 15 exercise of its powers and functions under this chapter, IC 4-4-21,
- 16 and IC 15-7-5.
- 17 (7) Employ architects, engineers, attorneys, inspectors,
- 18 accountants, agriculture experts, silviculture experts, aquaculture
- 19 experts, and financial experts, and such other advisors,
- 20 consultants, and agents as may be necessary in its judgment and
- 21 to fix their compensation.
- 22 (8) Procure insurance against any loss in connection with its
- 23 property and other assets, including loans and loan notes in
- 24 amounts and from insurers as it may consider advisable.
- 25 (9) Borrow money, make guaranties, issue bonds, and otherwise
- 26 incur indebtedness for any of the authority's purposes, and issue
- 27 debentures, notes, or other evidences of indebtedness, whether
- 28 secured or unsecured, to any person, as provided by this chapter,
- 29 IC 4-4-21, and IC 15-7-5.
- 30 (10) Procure insurance or guaranties from any public or private
- 31 entities, including any department, agency, or instrumentality of
- 32 the United States, for payment of any bonds issued by the
- 33 authority or for reinsurance on amounts paid from the industrial
- 34 development project guaranty fund, including the power to pay
- 35 premiums on any insurance or reinsurance.
- 36 (11) Purchase, receive, take by grant, gift, devise, bequest, or
- 37 otherwise, and accept, from any source, aid or contributions of
- 38 money, property, labor, or other things of value to be held, used,
- 39 and applied to carry out the purposes of this chapter, IC 4-4-21,
- 40 and IC 15-7-5, subject to the conditions upon which the grants or
- 41 contributions are made, including but not limited to gifts or grants
- 42 from any department, agency, or instrumentality of the United

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1 States, and lease or otherwise acquire, own, hold, improve,
 2 employ, use, and otherwise deal in and with real or personal
 3 property or any interest in real or personal property, wherever
 4 situated, for any purpose consistent with this chapter, IC 4-4-21,
 5 or IC 15-7-5.

6 (12) Enter into agreements with any department, agency, or
 7 instrumentality of the United States or this state and with lenders
 8 and enter into loan agreements, sales contracts, and leases with
 9 contracting parties, including borrowers, lenders, developers, or
 10 users, for the purpose of planning, regulating, and providing for
 11 the financing and refinancing of any agricultural enterprise (as
 12 defined in IC 15-7-4.9-2), rural development project (as defined
 13 in IC 15-7-4.9-19.5), industrial development project, or
 14 international exports, and distribute data and information
 15 concerning the encouragement and improvement of agricultural
 16 enterprises and agricultural employment, rural development
 17 projects, industrial development projects, international exports,
 18 and other types of employment in the state undertaken with the
 19 assistance of the authority under this chapter.

20 (13) Enter into contracts or agreements with lenders and lessors
 21 for the servicing and processing of loans and leases pursuant to
 22 this chapter, IC 4-4-21, and IC 15-7-5.

23 (14) Provide technical assistance to local public bodies and to
 24 profit and nonprofit entities in the development or operation of
 25 agricultural enterprises, rural development projects, and industrial
 26 development projects.

27 (15) To the extent permitted under its contract with the holders of
 28 the bonds of the authority, consent to any modification with
 29 respect to the rate of interest, time, and payment of any
 30 installment of principal or interest, or any other term of any
 31 contract, loan, loan note, loan note commitment, contract, lease,
 32 or agreement of any kind to which the authority is a party.

33 (16) To the extent permitted under its contract with the holders of
 34 bonds of the authority, enter into contracts with any lender
 35 containing provisions enabling it to reduce the rental or carrying
 36 charges to persons unable to pay the regular schedule of charges
 37 when, by reason of other income or payment by any department,
 38 agency, or instrumentality of the United States of America or of
 39 this state, the reduction can be made without jeopardizing the
 40 economic stability of the agricultural enterprise, rural
 41 development project, or industrial development project being
 42 financed.

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- 1 (17) Invest any funds not needed for immediate disbursement,
- 2 including any funds held in reserve, in direct and general
- 3 obligations of or obligations fully and unconditionally guaranteed
- 4 by the United States, obligations issued by agencies of the United
- 5 States, obligations of this state, or any obligations or securities
- 6 which may from time to time be legally purchased by
- 7 governmental subdivisions of this state pursuant to IC 5-13, or
- 8 any obligations or securities which are permitted investments for
- 9 bond proceeds or any construction, debt service, or reserve funds
- 10 secured under the trust indenture or resolution pursuant to which
- 11 bonds are issued.
- 12 (18) Collect fees and charges, as the authority determines to be
- 13 reasonable, in connection with its loans, guarantees, advances,
- 14 insurance, commitments, and servicing.
- 15 (19) Cooperate and exchange services, personnel, and information
- 16 with any federal, state, or local government agency, or
- 17 instrumentality of the United States or this state.
- 18 (20) Sell, at public or private sale, with or without public bidding,
- 19 any loan or other obligation held by the authority.
- 20 (21) Enter into agreements concerning, and acquire, hold, and
- 21 dispose by any lawful means, land or interests in land, building
- 22 improvements, structures, personal property, franchises, patents,
- 23 accounts receivable, loans, assignments, guarantees, and
- 24 insurance needed for the purposes of this chapter, IC 4-4-21, or
- 25 IC 15-7-5.
- 26 (22) Take assignments of accounts receivable, loans, guarantees,
- 27 insurance, notes, mortgages, security agreements securing notes,
- 28 and other forms of security, attach, seize, or take title by
- 29 foreclosure or conveyance to any industrial development project
- 30 when a guaranteed loan thereon is clearly in default and when in
- 31 the opinion of the authority such acquisition is necessary to
- 32 safeguard the industrial development project guaranty fund, and
- 33 sell, or on a temporary basis, lease, or rent such industrial
- 34 development project for any use.
- 35 (23) Expend money, as the authority considers appropriate, from
- 36 the industrial development project guaranty fund created by
- 37 section 16 of this chapter.
- 38 (24) Purchase, lease as lessee, construct, remodel, rebuild,
- 39 enlarge, or substantially improve industrial development projects,
- 40 including land, machinery, equipment, or any combination
- 41 thereof.
- 42 (25) Lease industrial development projects to users or developers,

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- 1 with or without an option to purchase.
- 2 (26) Sell industrial development projects to users or developers,
- 3 for consideration to be paid in installments or otherwise.
- 4 (27) Make direct loans from the proceeds of the bonds to users or
- 5 developers for:
- 6 (A) the cost of acquisition, construction, or installation of
- 7 industrial development projects, including land, machinery,
- 8 equipment, or any combination thereof; or
- 9 (B) eligible expenditures for an educational facility project
- 10 described in IC 4-4-10.9-6.2(a)(2);
- 11 with the loans to be secured by the pledge of one (1) or more
- 12 bonds, notes, warrants, or other secured or unsecured debt
- 13 obligations of the users or developers.
- 14 (28) Lend or deposit the proceeds of bonds to or with a lender for
- 15 the purpose of furnishing funds to such lender to be used for
- 16 making a loan to a developer or user for the financing of industrial
- 17 development projects under this chapter.
- 18 (29) Enter into agreements with users or developers to allow the
- 19 users or developers, directly or as agents for the authority, to
- 20 wholly or partially construct industrial development projects to be
- 21 leased from or to be acquired by the authority.
- 22 (30) Establish reserves from the proceeds of the sale of bonds,
- 23 other funds, or both, in the amount determined to be necessary by
- 24 the authority to secure the payment of the principal and interest on
- 25 the bonds.
- 26 (31) Adopt rules governing its activities authorized under this
- 27 chapter, IC 4-4-21, and IC 15-7-5.
- 28 (32) Use the proceeds of bonds to make guaranteed participating
- 29 loans.
- 30 (33) Purchase, discount, sell, and negotiate, with or without
- 31 guaranty, notes and other evidences of indebtedness.
- 32 (34) Sell and guarantee securities.
- 33 (35) Make guaranteed participating loans under IC 4-4-21-26.
- 34 (36) Procure insurance to guarantee, insure, coinsure, and
- 35 reinsure against political and commercial risk of loss, and any
- 36 other insurance the authority considers necessary, including
- 37 insurance to secure the payment of principal and interest on notes
- 38 or other obligations of the authority.
- 39 (37) Provide performance bond guarantees to support eligible
- 40 export loan transactions, subject to the terms of this chapter or
- 41 IC 4-4-21.
- 42 (38) Provide financial counseling services to Indiana exporters.

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- 1 (39) Accept gifts, grants, or loans from, and enter into contracts
- 2 or other transactions with, any federal or state agency,
- 3 municipality, private organization, or other source.
- 4 (40) Sell, convey, lease, exchange, transfer, or otherwise dispose
- 5 of property or any interest in property, wherever the property is
- 6 located.
- 7 (41) Cooperate with other public and private organizations to
- 8 promote export trade activities in Indiana.
- 9 (42) Make guarantees and administer the agricultural loan and
- 10 rural development project guarantee fund established by
- 11 IC 15-7-5.
- 12 (43) Take assignments of notes and mortgages and security
- 13 agreements securing notes and other forms of security, and attach,
- 14 seize, or take title by foreclosure or conveyance to any
- 15 agricultural enterprise or rural development project when a
- 16 guaranteed loan to the enterprise or rural development project is
- 17 clearly in default and when in the opinion of the authority the
- 18 acquisition is necessary to safeguard the agricultural loan and
- 19 rural development project guarantee fund, and sell, or on a
- 20 temporary basis, lease or rent the agricultural enterprise or rural
- 21 development project for any use.
- 22 (44) Expend money, as the authority considers appropriate, from
- 23 the agricultural loan and rural development project guarantee
- 24 fund created by IC 15-7-5-19.5.
- 25 (45) Reimburse from bond proceeds expenditures for industrial
- 26 development projects under this chapter.
- 27 (46) Do any act necessary or convenient to the exercise of the
- 28 powers granted by this chapter, IC 4-4-21, or IC 15-7-5, or
- 29 reasonably implied from those statutes, including but not limited
- 30 to compliance with requirements of federal law imposed from
- 31 time to time for the issuance of bonds.
- 32 **(47) Issue bonds under terms and conditions determined by**
- 33 **the authority and use the proceeds of the bonds to acquire**
- 34 **obligations issued by any entity authorized to acquire, finance,**
- 35 **construct, or lease capital improvements under IC 5-1-17.**
- 36 (b) The authority's powers under this chapter shall be interpreted
- 37 broadly to effectuate the purposes of this chapter and may not be
- 38 construed as a limitation of powers.
- 39 (c) This chapter does not authorize the financing of industrial
- 40 development projects for a developer unless any written agreement that
- 41 may exist between the developer and the user at the time of the bond
- 42 resolution is fully disclosed to and approved by the authority.

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1 SECTION 3. IC 4-4-30-5 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2005]: Sec. 5. The center for coal technology
3 research is established to perform the following duties:

- 4 (1) Develop technologies that can use Indiana coal in an
5 environmentally and economically sound manner.
- 6 (2) Investigate the reuse of clean coal technology byproducts,
7 including fly ash.
- 8 (3) Generate innovative research in the field of coal use.
- 9 (4) Develop new, efficient, and economical sorbents for effective
10 control of emissions.
- 11 (5) Investigate ways to increase coal combustion efficiency.
- 12 (6) Develop materials that withstand higher combustion
13 temperatures.
- 14 (7) Carry out any other matter concerning coal technology
15 research, including public education, as determined by the center.
- 16 (8) Administer the Indiana coal research grant fund under
17 IC 4-23-5.5-16.
- 18 **(9) Determine whether a building is a qualified building for
19 purposes of a property tax deduction under IC 6-1.1-12-34.5.**

20 SECTION 4. IC 4-13-1-4 IS AMENDED TO READ AS FOLLOWS
21 [EFFECTIVE JULY 1, 2005]: Sec. 4. The department shall, subject to
22 this chapter, do the following:

- 23 (1) Execute and administer all appropriations as provided by law,
24 and execute and administer all provisions of law that impose
25 duties and functions upon the executive department of
26 government, including executive investigation of state agencies
27 supported by appropriations and the assembly of all required data
28 and information for the use of the executive department and the
29 legislative department.
- 30 (2) Supervise and regulate the making of contracts by state
31 agencies.
- 32 (3) Perform the property management functions required by
33 IC 4-20.5-6.
- 34 (4) Assign office space and storage space for state agencies in the
35 manner provided by IC 4-20.5-5.
- 36 (5) Maintain and operate the following for state agencies:
37 (A) Central duplicating.
38 (B) Printing.
39 (C) Machine tabulating.
40 (D) Mailing services.
41 (E) Centrally available supplemental personnel and other
42 essential supporting services.

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(F) Information services.

(G) Telecommunication services.

The department may require state agencies to use these general services in the interests of economy and efficiency. The general services rotary fund, the telephone rotary fund, and the data processing rotary fund are established through which these services may be rendered to state agencies. The budget agency shall determine the amount for each rotary fund.

(6) Control and supervise the acquisition, operation, maintenance, and replacement of state owned vehicles by all state agencies. The department may establish and operate, in the interest of economy and efficiency, a motor vehicle pool, and may finance the pool by a rotary fund. The budget agency shall determine the amount to be deposited in the rotary fund.

(7) Promulgate and enforce rules relative to the travel of officers and employees of all state agencies when engaged in the performance of state business. These rules may allow reimbursement for travel expenses by any of the following methods:

(A) Per diem.

(B) For expenses necessarily and actually incurred.

(C) Any combination of the methods in clauses (A) and (B).

The rules must require the approval of the travel by the commissioner and the head of the officer's or employee's department prior to payment.

(8) Administer IC 4-13.6.

(9) Prescribe the amount and form of certified checks, deposits, or bonds to be submitted in connection with bids and contracts when not otherwise provided for by law.

(10) Rent out, with the approval of the governor, any state property, real or personal:

(A) not needed for public use; or

(B) for the purpose of providing services to the state or employees of the state;

the rental of which is not otherwise provided for or prohibited by law. Property may not be rented out under this subdivision for a term exceeding ten (10) years at a time. However, if property is rented out for a term of more than four (4) years, the commissioner must make a written determination stating the reasons that it is in the best interests of the state to rent property for the longer term. This subdivision does not include the power to grant or issue permits or leases to explore for or take coal, sand,

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1 gravel, stone, gas, oil, or other minerals or substances from or
 2 under the bed of any of the navigable waters of the state or other
 3 lands owned by the state.
 4 (11) Have charge of all central storerooms, supply rooms, and
 5 warehouses established and operated by the state and serving
 6 more than one (1) agency.
 7 (12) Enter into contracts and issue orders for printing as provided
 8 by IC 4-13-4.1.
 9 (13) Sell or dispose of surplus property under IC 5-22-22, or if
 10 advantageous, to exchange or trade in the surplus property toward
 11 the purchase of other supplies, materials, or equipment, and to
 12 make proper adjustments in the accounts and inventory pertaining
 13 to the state agencies concerned.
 14 (14) With respect to power, heating, and lighting plants owned,
 15 operated, or maintained by any state agency:
 16 (A) inspect;
 17 (B) regulate their operation; and
 18 (C) recommend improvements to those plants to promote
 19 economical and efficient operation.
 20 (15) Administer, determine salaries, and determine other
 21 personnel matters of the department of correction ombudsman
 22 bureau established by IC 4-13-1.2-3.
 23 **(16) Adopt policies and standards for making state owned**
 24 **property reasonably available to be used free of charge as**
 25 **locations for making motion pictures.**
 26 SECTION 5. IC 4-33-12-6, AS AMENDED BY P.L.4-2005,
 27 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2005]: Sec. 6. (a) The department shall place in the state
 29 general fund the tax revenue collected under this chapter.
 30 (b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7,
 31 the treasurer of state shall quarterly pay the following **annual** amounts:
 32 ~~(1) Except as provided in subsection (k), one dollar (\$1) of the~~
 33 ~~admissions tax collected by the licensed owner for each person~~
 34 ~~embarking on a gambling excursion during the quarter or~~
 35 ~~admitted to a riverboat that has implemented flexible scheduling~~
 36 ~~under IC 4-33-6-21 during the quarter shall be paid to:~~
 37 ~~(A) the city in which the riverboat is docked; if the city:~~
 38 ~~(i) is located in a county having a population of more than~~
 39 ~~one hundred ten thousand (110,000) but less than one~~
 40 ~~hundred fifteen thousand (115,000); or~~
 41 ~~(ii) is contiguous to the Ohio River and is the largest city in~~
 42 ~~the county; and~~

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

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B):

(1) To Dearborn County, East Chicago, Evansville, Gary, Hammond, Harrison County, Lake County, LaPorte County, Lawrenceburg, Michigan City, Ohio County, Rising Sun, Switzerland County, and Vanderburgh County, a quarterly distribution based on an annual amount equal to the lesser of:

(A) the amount distributed to the political subdivision for the state fiscal year ending June 30, 2002, as determined by the treasurer of state; or

(B) the amount determined under subdivision (2).

(2) Determine the greater of the following annual amounts for each political subdivision referred to in subdivision (1):

(A) Two million dollars (\$2,000,000).

(B) Twenty percent (20%) of the political subdivision's most recent maximum permissible ad valorem property tax levy.

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

The base year revenue shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

The base year revenue shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry

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out under IC 15-1.5-3.
(5) Except as provided in subsection (k), ten cents (~~\$0.10~~) of the admissions tax collected by the licensed owner for each person:
(A) embarking on a gambling excursion during the quarter; or
(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under ~~IC 4-33-6-21~~;

The base year revenue shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k), sixty-five cents (~~\$0.65~~) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under ~~IC 4-33-6-21~~ **The base year revenue** shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

- (A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.
- (B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following amounts:

- (1) Twenty-five percent (25%) of the admissions tax collected during the quarter 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.

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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. 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).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter 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.

(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

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1 (4) Twenty-five percent (25%) of the admissions tax collected
2 during the quarter shall be paid to the West Baden Springs
3 historic hotel preservation and maintenance fund established by
4 IC 36-7-11.5-11(b).

5 (5) Twenty-five percent (25%) of the admissions tax collected
6 during the quarter shall be paid to the Indiana economic
7 development corporation to be used by the corporation for the
8 development and implementation of a regional economic
9 development strategy to assist the residents of the county in which
10 the riverboat is located and residents of contiguous counties in
11 improving their quality of life and to help promote successful and
12 sustainable communities. The regional economic development
13 strategy must include goals concerning the following issues:

- 14 (A) Job creation and retention.
- 15 (B) Infrastructure, including water, wastewater, and storm
16 water infrastructure needs.
- 17 (C) Housing.
- 18 (D) Workforce training.
- 19 (E) Health care.
- 20 (F) Local planning.
- 21 (G) Land use.
- 22 (H) Assistance to regional economic development groups.
- 23 (I) Other regional development issues as determined by the
24 Indiana economic development corporation.

25 (d) With respect to tax revenue collected from a riverboat that
26 operates from a **Lake County**, having a population of more than four
27 hundred thousand (400,000) but less than seven hundred thousand
28 (700,000), the treasurer of state shall quarterly pay the following
29 **annual** amounts:

30 (1) Except as provided in subsection (k), one dollar (\$1) of the
31 admissions tax collected by the licensed owner for each person:

- 32 (A) embarking on a gambling excursion during the quarter; or
 - 33 (B) admitted to a riverboat during the quarter that has
34 implemented flexible scheduling under IC 4-33-6-21;
- 35 shall be paid to the city in which the riverboat is docked.

36 (2) Except as provided in subsection (k), one dollar (\$1) of the
37 admissions tax collected by the licensed owner for each person:

- 38 (A) embarking on a gambling excursion during the quarter; or
 - 39 (B) admitted to a riverboat during the quarter that has
40 implemented flexible scheduling under IC 4-33-6-21;
- 41 shall be paid to the county in which the riverboat is docked.

42 (3) (1) Except as provided in subsection (k), nine cents (\$0.09) of

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1 the admissions tax collected by the licensed owner for each
 2 person:
 3 (A) embarking on a gambling excursion during the quarter; or
 4 (B) admitted to a riverboat during the quarter that has
 5 implemented flexible scheduling under IC 4-33-6-21;
 6 **The base year revenue** shall be paid to the county convention
 7 and visitors bureau or promotion fund for the county in which the
 8 riverboat is docked.
 9 ~~(4)~~ **(2)** Except as provided in subsection (k), one cent (\$0.01) of
 10 the admissions tax collected by the licensed owner for each
 11 person:
 12 (A) embarking on a gambling excursion during the quarter; or
 13 (B) admitted to a riverboat during the quarter that has
 14 implemented flexible scheduling under IC 4-33-6-21;
 15 **The base year revenue** shall be paid to the northwest Indiana law
 16 enforcement training center.
 17 ~~(5)~~ **(3)** Except as provided in subsection (k), fifteen cents (\$0.15)
 18 of the admissions tax collected by the licensed owner for each
 19 person:
 20 (A) embarking on a gambling excursion during the quarter; or
 21 (B) admitted to a riverboat during a quarter that has
 22 implemented flexible scheduling under IC 4-33-6-21;
 23 **The base year revenue** shall be paid to the state fair commission
 24 for use in any activity that the commission is authorized to carry
 25 out under IC 15-1.5-3.
 26 ~~(6)~~ **(4)** Except as provided in subsection (k), ten cents (\$0.10) of
 27 the admissions tax collected by the licensed owner for each
 28 person:
 29 (A) embarking on a gambling excursion during the quarter; or
 30 (B) admitted to a riverboat during the quarter that has
 31 implemented flexible scheduling under IC 4-33-6-21;
 32 **The base year revenue** shall be paid to the division of mental
 33 health and addiction. The division shall allocate at least
 34 twenty-five percent (25%) of the funds derived from the
 35 admissions tax to the prevention and treatment of compulsive
 36 gambling.
 37 ~~(7)~~ **(5)** Except as provided in subsection (k), sixty-five cents
 38 (\$0.65) of the admissions tax collected by the licensed owner for
 39 each person embarking on a gambling excursion during the
 40 quarter or admitted to a riverboat during the quarter that has
 41 implemented flexible scheduling under IC 4-33-6-21 **The base**
 42 **year revenue** shall be paid to the Indiana horse racing

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

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

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

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

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

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

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

24 (4) is considered miscellaneous revenue.

25 (f) Money paid by the treasurer of state under subsection (b)(3) or
26 ~~(d)(3)~~ **(d)(1)** shall be:

27 (1) deposited in:

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

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

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

33 (g) Money received by the division of mental health and addiction
34 under subsections (b)(5) and ~~(d)(6)~~: **(d)(4)**:

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

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

40 (3) shall be used by the division of mental health and addiction
41 for programs and facilities for the prevention and treatment of
42 addictions to drugs, alcohol, and compulsive gambling, including

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1 the creation and maintenance of a toll free telephone line to
2 provide the public with information about these addictions. The
3 division shall allocate at least twenty-five percent (25%) of the
4 money received to the prevention and treatment of compulsive
5 gambling.

6 (h) This subsection applies to the following:

7 (1) Each entity receiving money under subsection (b):

8 (2) Each entity receiving money under subsection (d)(1) through
9 (d)(2):

10 (3) each entity receiving money under subsection (d)(5) (d)(3)
11 through (d)(7): (d)(5). The treasurer of state shall determine the
12 total amount of money paid by the treasurer of state to an entity
13 subject to this subsection during the state fiscal year 2002. The
14 amount determined under this subsection is the base year revenue
15 for each entity subject to this subsection. The treasurer of state
16 shall certify the base year revenue determined under this
17 subsection to each entity subject to this subsection.

18 (i) This subsection applies to an entity receiving money under
19 subsection (d)(3) (d)(1) or (d)(4): (d)(2). The treasurer of state shall
20 determine the total amount of money paid by the treasurer of state to
21 the entity described in subsection (d)(3) (d)(1) during state fiscal year
22 2002. The amount determined under this subsection multiplied by
23 nine-tenths (0.9) is the base year revenue for the entity described in
24 subsection (d)(3): (d)(1). The amount determined under this subsection
25 multiplied by one-tenth (0.1) is the base year revenue for the entity
26 described in subsection (d)(4): (d)(2). The treasurer of state shall
27 certify the base year revenue determined under this subsection to each
28 entity subject to this subsection.

29 (j) This subsection does not apply to an entity receiving money
30 under subsection (c). For state fiscal years beginning after June 30,
31 2002, the total amount of money distributed to an entity under this
32 section during a state fiscal year may not exceed is the entity's base
33 year revenue as determined under subsection (h) or (i). If the treasurer
34 of state determines that the total amount of money distributed to an
35 entity under this section covered by subsection (h) or (i) during a state
36 fiscal year is less than the entity's base year revenue, the treasurer of
37 state shall make a supplemental distribution to the entity under
38 IC 4-33-13-5(g): using wagering tax revenue under IC 4-33-13 if
39 necessary.

40 (k) This subsection does not apply to an entity receiving money
41 under subsection (c). For each state fiscal years beginning after June
42 30, 2002; year, the treasurer of state shall pay that part of the riverboat

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1 admissions taxes that
 2 ~~(1) exceed a particular entity's base year revenue; and~~
 3 ~~(2) would~~
 4 **are not otherwise be due paid to the an** entity under this section to the
 5 property tax replacement fund. ~~instead of to the entity.~~

6 SECTION 6. IC 4-33-13-5 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) This subsection
 8 does not apply to tax revenue remitted by an operating agent operating
 9 a riverboat in a historic hotel district. After funds are appropriated
 10 under section 4 of this chapter, each month the treasurer of state shall
 11 distribute the tax revenue deposited in the state gaming fund under this
 12 chapter to the following:

13 (1) The first thirty-three million dollars (\$33,000,000) of tax
 14 revenues collected under this chapter **during a state fiscal year**
 15 shall be set aside for revenue sharing under subsection ~~(c)~~: **(d)**.

16 ~~(2) Subject to subsection (c), twenty-five percent (25%) of the~~
 17 ~~remaining tax revenue remitted by each licensed owner shall be~~
 18 ~~paid:~~

19 ~~(A) to the city that is designated as the home dock of the~~
 20 ~~riverboat from which the tax revenue was collected; in the case~~
 21 ~~of:~~

- 22 ~~(i) a city described in IC 4-33-12-6(b)(1)(A); or~~
- 23 ~~(ii) a city located in a county having a population of more~~
 24 ~~than four hundred thousand (400,000) but less than seven~~
 25 ~~hundred thousand (700,000); or~~

26 ~~(B) to the county that is designated as the home dock of the~~
 27 ~~riverboat from which the tax revenue was collected; in the case~~
 28 ~~of a riverboat whose home dock is not in a city described in~~
 29 ~~clause (A).~~

30 **(2) To East Chicago, Evansville, Gary, Hammond, Harrison**
 31 **County, Lawrenceburg, Michigan City, Rising Sun, and**
 32 **Switzerland County, a monthly distribution based on an**
 33 **annual amount equal to the lesser of:**

34 **(A) the amount distributed to the political subdivision for**
 35 **the state fiscal year ending June 30, 2002, as determined by**
 36 **the treasurer of state; or**

37 **(B) the amount determined under subdivision (3).**

38 **(3) Determine for each political subdivision referred to in**
 39 **subdivision (2), the difference of the following annual**
 40 **amounts:**

- 41 **(A) The greater of:**
 - 42 **(i) two million dollars (\$2,000,000); or**

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(ii) twenty percent (20%) of the political subdivision's most recent maximum permissible ad valorem property tax levy; minus
(B) the amount paid by a licensed operator under a separate agreement between the political subdivision and the licensed operator in the immediately preceding state fiscal year, to the extent the amount paid exceeds the amount paid by a licensed operator in the state fiscal year ending June 30, 2005.

~~(3)~~ **(4)** Subject to subsection ~~(d)~~, **(c)**, 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.

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(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).

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

- 12 (1) exceeds a particular city or county's base year revenue; and
- 13 (2) would otherwise be due to the city or county under this
14 section;

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

16 (d) (c) Each state fiscal year the treasurer of state shall transfer from
17 the tax revenue remitted to the property tax replacement fund under
18 subsection (a)(3) (a)(4) to the build Indiana fund an amount that when
19 added to the following may not exceed two hundred fifty million
20 dollars (\$250,000,000):

- 21 (1) Surplus lottery revenues under IC 4-30-17-3.
- 22 (2) Surplus revenue from the charity gaming enforcement fund
23 under IC 4-32-10-6.
- 24 (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

25 The treasurer of state shall make transfers on a monthly basis as needed
26 to meet the obligations of the build Indiana fund. If in any state fiscal
27 year insufficient money is transferred to the property tax replacement
28 fund under subsection (a)(3) (a)(4) to comply with this subsection, the
29 treasurer of state shall reduce the amount transferred to the build
30 Indiana fund to the amount available in the property tax replacement
31 fund from the transfers under subsection (a)(3) (a)(4) for the state fiscal
32 year.

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

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

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- 1 (2) To each town located in the county according to the ratio the
- 2 town's population bears to the total population of the county.
- 3 (3) After the distributions required in subdivisions (1) and (2) are
- 4 made, the remainder shall be retained by the county.
- 5 ~~(f)~~ (e) Money received by a city, town, or county under subsection
- 6 ~~(e)~~ (d) or ~~(h)~~ (f) may be used for any of the following purposes:
- 7 (1) To reduce the property tax levy of the city, town, or county for
- 8 a particular year (a property tax reduction under this subdivision
- 9 does not reduce the maximum levy of the city, town, or county
- 10 under IC 6-1.1-18.5);
- 11 (2) For deposit in a special fund or allocation fund created under
- 12 IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and
- 13 IC 36-7-30 to provide funding for additional credits for property
- 14 tax replacement in property tax increment allocation areas or debt
- 15 repayment.
- 16 (3) To fund sewer and water projects, including storm water
- 17 management projects.
- 18 (4) For police and fire pensions.
- 19 (5) To carry out any governmental purpose for which the money
- 20 is appropriated by the fiscal body of the city, town, or county.
- 21 Money used under this subdivision does not reduce the property
- 22 tax levy of the city, town, or county for a particular year or reduce
- 23 the maximum levy of the city, town, or county under
- 24 IC 6-1.1-18.5.
- 25 ~~(g)~~ This subsection does not apply to an entity receiving money
- 26 under IC 4-33-12-6(c). Before September 15 of 2003 and each year
- 27 thereafter, the treasurer of state shall determine the total amount of
- 28 money distributed to an entity under IC 4-33-12-6 during the preceding
- 29 state fiscal year. If the treasurer of state determines that the total
- 30 amount of money distributed to an entity under IC 4-33-12-6 during the
- 31 preceding state fiscal year was less than the entity's base year revenue
- 32 (as determined under IC 4-33-12-6), the treasurer of state shall make
- 33 a supplemental distribution to the entity from taxes collected under this
- 34 chapter and deposited into the property tax replacement fund. The
- 35 amount of the supplemental distribution is equal to the difference
- 36 between the entity's base year revenue (as determined under
- 37 IC 4-33-12-6) and the total amount of money distributed to the entity
- 38 during the preceding state fiscal year under IC 4-33-12-6.
- 39 ~~(h)~~ (f) This subsection applies only to a county containing a
- 40 consolidated city. The county auditor shall distribute the money
- 41 received by the county under subsection ~~(d)~~ (e) as follows:
- 42 (1) To each city, other than a consolidated city, located in the

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1 county according to the ratio that the city's population bears to the
 2 total population of the county.
 3 (2) To each town located in the county according to the ratio that
 4 the town's population bears to the total population of the county.
 5 (3) After the distributions required in subdivisions (1) and (2) are
 6 made, the remainder shall be paid in equal amounts to the
 7 consolidated city and the county.

8 SECTION 7. IC 5-1-17 IS ADDED TO THE INDIANA CODE AS
 9 A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE MAY 15,
 10 2005]:

11 **Chapter 17. Indiana Stadium and Convention Building**
 12 **Authority**

13 **Sec. 1. As used in this chapter, "authority" refers to the Indiana**
 14 **stadium and convention building authority created by this chapter.**

15 **Sec. 2. As used in this chapter, "board" refers to the board of**
 16 **directors of the authority.**

17 **Sec. 3. As used in this chapter, "bonds" means bonds, notes,**
 18 **commercial paper, or other evidences of indebtedness. The term**
 19 **includes obligations (as defined in IC 8-9.5-9-3) and swap**
 20 **agreements (as defined in IC 8-9.5-9-4).**

21 **Sec. 4. As used in this chapter, "capital improvement board"**
 22 **refers to a capital improvement board of managers created by**
 23 **IC 36-10-8 or IC 36-10-9.**

24 **Sec. 5. As used in this chapter, "state agency" has the meaning**
 25 **set forth in IC 4-13.5-1-1.**

26 **Sec. 6. An Indiana stadium and convention building authority**
 27 **is created in the state as a separate body corporate and politic as**
 28 **an instrumentality of the state to acquire, construct, equip, own,**
 29 **lease, and finance facilities for lease to or for the benefit of a**
 30 **capital improvement board.**

31 **Sec. 7. (a) The board is composed of the following seven (7)**
 32 **members, who must be residents of the state:**

- 33 (1) **Two (2) members appointed by the governor.**
- 34 (2) **One (1) member appointed by the president pro tempore**
 35 **of the senate.**
- 36 (3) **One (1) member appointed by the speaker of the house of**
 37 **representatives.**
- 38 (4) **Two (2) members appointed by the executive of a county**
 39 **having a consolidated first class city.**
- 40 (5) **One (1) member appointed by the county fiscal body of a**
 41 **county that is contiguous to a county having a consolidated**
 42 **city, determined as follows:**

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(A) The member appointed for the initial term shall be appointed by the contiguous county that has the largest population of all the contiguous counties that have adopted an ordinance to impose a food and beverage tax under IC 6-9-35.

(B) The member appointed for each successive term shall be appointed by the contiguous county that:

(i) contributed the most revenues from the tax imposed by IC 6-9-35 to the capital improvement board of managers created by IC 36-10-9-3 in the immediately previous calendar year; and

(ii) has not previously made an appointment to the board or, if all the contributing counties have previously made such an appointment, is the one whose then most recent appointment occurred before those of all the other contributing counties.

(b) A member appointed under subsection (a)(1) through (a)(4) is entitled to serve a three (3) year term. A member appointed under subsection (a)(5) is entitled to serve a one (1) year term. A member may be reappointed to subsequent terms.

(c) If a vacancy occurs on the board, the person or body who made the appointment of the vacated member shall fill the vacancy by appointing a new member for the remainder of the vacated term.

(d) A member may be removed for cause by the appointing authority that appointed the member.

(e) Each member, before entering upon the duties of office, must take and subscribe an oath of office under IC 5-4-1, which shall be endorsed upon the certificate of appointment and filed with the records of the board.

Sec. 8. (a) The board shall hold an initial organizational meeting on or before June 30, 2005. Immediately after January 15 of each year, the board shall hold its annual organizational meeting.

(b) The governor shall appoint a member of the board to serve as chair of the board.

(c) The board shall elect one (1) of the members vice chair and another secretary-treasurer to perform the duties of those offices. These officers serve from the date of their election and until their successors are elected and qualified. The board may elect an assistant secretary-treasurer.

(d) Special meetings may be called by the chair of the board or any three (3) members of the board.

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(e) A majority of the members constitutes a quorum, and the concurrence of a majority of the members is necessary to authorize any action.

Sec. 9. The board may adopt the bylaws and rules it considers necessary for the proper conduct of its duties and the safeguarding of the funds and property entrusted to its care.

Sec. 10. The authority is organized for the following purposes:

(1) Acquiring, financing, constructing, and leasing land and capital improvements to or for the benefit of a capital improvement board.

(2) Financing and constructing additional improvements to capital improvements owned by the authority and leasing them to or for the benefit of a capital improvement board.

(3) Acquiring land or all or a portion of one (1) or more capital improvements from a capital improvement board by purchase or lease and leasing the land or these capital improvements back to the capital improvement board, with any additional improvements that may be made to them.

(4) Acquiring all or a portion of one (1) or more capital improvements from a capital improvement board by purchase or lease to fund or refund indebtedness incurred on account of those capital improvements to enable the capital improvement board to make a savings in debt service obligations or lease rental obligations or to obtain relief from covenants that the capital improvement board considers to be unduly burdensome.

Sec. 11. The authority may also:

(1) finance, improve, construct, reconstruct, renovate, purchase, lease, acquire, and equip land and capital improvements;

(2) lease the land or those capital improvements to a capital improvement board;

(3) sue, be sued, plead, and be impleaded;

(4) condemn, appropriate, lease, rent, purchase, and hold any real or personal property needed or considered useful in connection with capital improvements;

(5) acquire real or personal property by gift, devise, or bequest and hold, use, or dispose of that property for the purposes authorized by this chapter;

(6) after giving notice, enter upon any lots or lands for the purpose of surveying or examining them to determine the location of a capital improvement;

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- 1 (7) design, order, contract for, and construct, reconstruct, and
- 2 renovate any capital improvements or improvements thereto;
- 3 (8) employ managers, superintendents, architects, engineers,
- 4 attorneys, auditors, clerks, construction managers, and other
- 5 employees;
- 6 (9) make and enter into all contracts and agreements
- 7 necessary or incidental to the performance of its duties and
- 8 the execution of its powers under this chapter; and
- 9 (10) take any other action necessary to implement its purposes
- 10 as set forth in section 10 of this chapter.

11 **Sec. 12. (a) Bonds issued under IC 36-10-8 or IC 36-10-9 or**
 12 **prior law may be refunded as provided in this section.**

- 13 **(b) A capital improvement board may:**
- 14 **(1) lease all or a portion of land or a capital improvement or**
- 15 **improvements to the authority, which may be at a nominal**
- 16 **lease rental with a lease back to the capital improvement**
- 17 **board, conditioned upon the authority assuming bonds issued**
- 18 **under IC 36-10-8 or IC 36-10-9 or prior law and issuing its**
- 19 **bonds to refund those bonds; and**
- 20 **(2) sell all or a portion of land or a capital improvement or**
- 21 **improvements to the authority for a price sufficient to provide**
- 22 **for the refunding of those bonds and lease back the land or**
- 23 **capital improvement or improvements from the authority.**

24 **Sec. 13. (a) Before a lease may be entered into by a capital**
 25 **improvement board under this chapter, the capital improvement**
 26 **board must find that the lease rental provided for is fair and**
 27 **reasonable.**

28 **(b) A lease of land or capital improvements from the authority**
 29 **to a capital improvement board:**

- 30 **(1) may not have a term exceeding forty (40) years;**
- 31 **(2) may not require payment of lease rentals for a newly**
- 32 **constructed capital improvement or for improvements to an**
- 33 **existing capital improvement until the capital improvement or**
- 34 **improvements thereto have been completed and are ready for**
- 35 **occupancy;**
- 36 **(3) may contain provisions:**
- 37 **(A) allowing the capital improvement board to continue to**
- 38 **operate an existing capital improvement until completion**
- 39 **of the improvements, reconstruction, or renovation of that**
- 40 **capital improvement or any other capital improvement;**
- 41 **and**
- 42 **(B) requiring payment of lease rentals for land, for an**

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- 1 existing capital improvement being used, reconstructed, or
- 2 renovated, or for any other existing capital improvement;
- 3 (4) may contain an option to renew the lease for the same or
- 4 shorter term on the conditions provided in the lease;
- 5 (5) must contain an option for the capital improvement board
- 6 to purchase the capital improvement upon the terms stated in
- 7 the lease during the term of the lease for a price equal to the
- 8 amount required to pay all indebtedness incurred on account
- 9 of the capital improvement, including indebtedness incurred
- 10 for the refunding of that indebtedness;
- 11 (6) may be entered into before acquisition or construction of
- 12 a capital improvement;
- 13 (7) must be approved by the executive of the county in which
- 14 the capital improvement board is located;
- 15 (8) may provide that the capital improvement board shall
- 16 agree to:
 - 17 (A) pay all taxes and assessments thereon;
 - 18 (B) maintain insurance thereon for the benefit of the
 - 19 authority;
 - 20 (C) assume responsibility for utilities, repairs, alterations,
 - 21 and any costs of operation; and
 - 22 (D) pay a deposit or series of deposits to the authority from
 - 23 any funds legally available to the capital improvement
 - 24 board before the commencement of the lease to secure the
 - 25 performance of the capital improvement board's
 - 26 obligations under the lease;
- 27 (9) subject to IC 36-10-8-13 and IC 36-10-9-11, may provide
- 28 that the lease rental payments by the capital improvement
- 29 board shall be made from:
 - 30 (A) proceeds of one (1) or more of the excise taxes as
 - 31 defined in IC 36-10-8 or IC 36-10-9;
 - 32 (B) proceeds of the county supplemental auto rental excise
 - 33 tax imposed pursuant to IC 6-6-9.7;
 - 34 (C) that part of the proceeds of the county food and
 - 35 beverage tax imposed under IC 6-9-35, which the capital
 - 36 improvement board or its designee receives pursuant
 - 37 thereto;
 - 38 (D) revenue captured under IC 36-7-31;
 - 39 (E) net revenues of the capital improvement;
 - 40 (F) any other funds available to the capital improvement
 - 41 board; or
 - 42 (G) any combination of the sources described in clauses (A)

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through (F); and
(10) subject to IC 36-10-9-11, shall, with respect to a lease of a capital improvement, consisting, in whole or in part, of a stadium, to a capital improvement board created by IC 36-10-9, provide that the lease rental payments by the capital improvement board made in each calendar year shall include the aggregate of the revenues generated during the calendar year as a result of the use of the stadium by any person or entity during any event, other than an event involving the use of such stadium by a professional football team; provided that, the amount of the revenues to be used for rental payments in any calendar year shall not exceed the lesser of:

- (A) \$3,500,000; or
- (B) the lease rental payments due in the calendar year.

(c) A capital improvement board may designate the authority as its agent to receive on behalf of the capital improvement board any of the revenues identified in subsection (b)(9) and (b)(10).

(d) The authority may not enter into a lease with a capital improvement board until the capital improvement board has presented evidence in form satisfactory to the state budget director of all agreements between the capital improvement board and any prospective users of the capital improvement with respect to its use and occupancy, the payment of licenses, fees, expenses and any other payments to be made by the user in connection with the use of the capital improvement, or any other matter related thereto.

Sec. 14. This chapter contains full and complete authority for leases between the authority and a capital improvement board. No law, procedure, proceedings, publications, notices, consents, approvals, orders, or acts by the board or the capital improvement board or any other officer, department, agency, or instrumentality of the state or any political subdivision is required to enter into any lease, except as prescribed in this chapter.

Sec. 15. If the lease provides for a capital improvement or improvements thereto to be constructed by the authority, the plans and specifications shall be submitted to and approved by all agencies designated by law to pass on plans and specifications for public buildings.

Sec. 16. The authority and a capital improvement board may enter into common wall (party wall) agreements or other agreements concerning easements or licenses. These agreements shall be recorded with the recorder of the county in which the

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capital improvement is located.

Sec. 17. (a) A capital improvement board may lease for a nominal lease rental, or sell to the authority, one (1) or more capital improvements or portions thereof or land upon which a capital improvement is located or is to be constructed.

(b) Any lease of all or a portion of a capital improvement by a capital improvement board to the authority must be for a term equal to the term of the lease of that capital improvement back to the capital improvement board.

(c) A capital improvement board may sell property to the authority for the amount it determines to be in the best interest of the capital improvement board. The authority may pay that amount from the proceeds of bonds of the authority.

Sec. 18. (a) Subject to subsection (h), the authority may issue bonds for the purpose of obtaining money to pay the cost of:

- (1) acquiring real or personal property, including existing capital improvements;
- (2) constructing, improving, reconstructing, or renovating one (1) or more capital improvements; or
- (3) funding or refunding bonds issued under IC 36-10-8 or IC 36-10-9 or prior law.

(b) The bonds are payable solely from the lease rentals from the lease of the capital improvements for which the bonds were issued, insurance proceeds, and any other funds pledged or available.

(c) The bonds shall be authorized by a resolution of the board.

(d) The terms and form of the bonds shall either be set out in the resolution or in a form of trust indenture approved by the resolution.

(e) The bonds shall mature within forty (40) years.

(f) The board shall sell the bonds at public or private sale upon the terms determined by the board.

(g) All money received from any bonds issued under this chapter shall be applied solely to the payment of the cost of the acquisition or construction, or both, of capital improvements, or the cost of refunding or refinancing outstanding bonds, for which the bonds are issued. The cost may include:

- (1) planning and development of the facility and all buildings, facilities, structures, and improvements related to it;
- (2) acquisition of a site and clearing and preparing the site for construction;
- (3) equipment, facilities, structures, and improvements that are necessary or desirable to make the capital improvement

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- 1 suitable for use and operations;
- 2 (4) architectural, engineering, consultant, and attorney's fees;
- 3 (5) incidental expenses in connection with the issuance and
- 4 sale of bonds;
- 5 (6) reserves for principal and interest;
- 6 (7) interest during construction;
- 7 (8) financial advisory fees;
- 8 (9) insurance during construction;
- 9 (10) municipal bond insurance, debt service reserve
- 10 insurance, letters of credit, or other credit enhancement; and
- 11 (11) in the case of refunding or refinancing, payment of the
- 12 principal of, redemption premiums (if any) for, and interest
- 13 on, the bonds being refunded or refinanced.
- 14 (h) The authority may not issue bonds under this chapter unless
- 15 the authority first finds that the following conditions are met:
- 16 (1) Each contract for the construction of a facility and all
- 17 buildings, facilities, structures, and improvements related to
- 18 that facility to be financed in whole or in part through the
- 19 issuance of the bonds requires payment of the common
- 20 construction wage required by IC 5-16-7.
- 21 (2) An agreement has been entered into with any professional
- 22 football team that will use any facility financed through the
- 23 issuance of the bonds that provides all the following:
- 24 (A) No transferable license will be sold to a third party that
- 25 entitles the third party to purchase a season ticket to
- 26 professional football games at the facility for a period
- 27 greater than one (1) year.
- 28 (B) At least three thousand (3,000) tickets for professional
- 29 football games held at the facility must be sold at a price
- 30 of:
- 31 (i) twenty-five dollars (\$25) or less per seat, including
- 32 that part of the admissions tax described in
- 33 IC 6-9-13-2(b)(1), during the first ten (10) years of
- 34 operation of the facility;
- 35 (ii) twenty-eight dollars (\$28) or less per seat, including
- 36 that part of the admissions tax described in
- 37 IC 6-9-13-2(b)(1), during the next ten (10) years of
- 38 operation of the facility; and
- 39 (iii) thirty-one dollars (\$31) or less per seat, including
- 40 that part of the admissions tax described in
- 41 IC 6-9-13-2(b)(1), during the next ten (10) years of
- 42 operation of the facility.

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1 **These tickets must be clearly designated as tickets that**
2 **may not be resold for a price higher than the face value of**
3 **the ticket. However, the tickets may be resold for the same**
4 **price with the consent of the professional football team**
5 **that uses the facility.**

6 **A person who sells a license described in subdivision (2)(A) or**
7 **resells a ticket described in subdivision (2)(B) commits a Class A**
8 **misdemeanor.**

9 **Sec. 19. This chapter contains full and complete authority for**
10 **the issuance of bonds. No law, procedure, proceedings,**
11 **publications, notices, consents, approvals, orders, or acts by the**
12 **board or any other officer, department, agency, or instrumentality**
13 **of the state or of any political subdivision is required to issue any**
14 **bonds, except as prescribed in this chapter.**

15 **Sec. 20. Bonds issued under this chapter are legal investments**
16 **for private trust funds and the funds of banks, trust companies,**
17 **insurance companies, building and loan associations, credit unions,**
18 **banks of discount and deposit, savings banks, loan and trust and**
19 **safe deposit companies, rural loan and savings associations,**
20 **guaranty loan and savings associations, mortgage guaranty**
21 **companies, small loan companies, industrial loan and investment**
22 **companies, and other financial institutions organized under**
23 **Indiana law.**

24 **Sec. 21. (a) The authority may secure bonds issued under this**
25 **chapter by a trust indenture between the authority and a corporate**
26 **trustee, which may be any trust company or national or state bank**
27 **within Indiana that has trust powers.**

- 28 **(b) The trust indenture may:**
29 **(1) pledge or assign lease rentals, receipts, and income from**
30 **leased capital improvements, but may not mortgage land or**
31 **capital improvements;**
32 **(2) contain reasonable and proper provisions for protecting**
33 **and enforcing the rights and remedies of the bondholders,**
34 **including covenants setting forth the duties of the authority**
35 **and board;**
36 **(3) set forth the rights and remedies of bondholders and**
37 **trustee; and**
38 **(4) restrict the individual right of action of bondholders.**

39 **(c) Any pledge or assignment made by the authority under this**
40 **section is valid and binding from the time that the pledge or**
41 **assignment is made, against all persons whether they have notice**
42 **of the lien or not. Any trust indenture by which a pledge is created**

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1 or an assignment made need not be filed or recorded. The lien is
2 perfected against third parties by filing the trust indenture in the
3 records of the board.

4 Sec. 22. If a capital improvement board exercises its option to
5 purchase leased property, it may issue its bonds as authorized by
6 statute.

7 Sec. 23. All:
8 (1) property owned by the authority;
9 (2) revenues of the authority; and
10 (3) bonds issued by the authority, the interest on the bonds,
11 the proceeds received by a holder from the sale of bonds to
12 the extent of the holder's cost of acquisition, proceeds received
13 upon redemption before maturity, proceeds received at
14 maturity, and the receipt of interest in proceeds;
15 are exempt from taxation in Indiana for all purposes except the
16 financial institutions tax imposed under IC 6-5.5 or a state
17 inheritance tax imposed under IC 6-4.1.

18 Sec. 24. Any action to contest the validity of bonds to be issued
19 under this chapter may not be brought after the fifteenth day
20 following:

- 21 (1) the receipt of bids for the bonds, if the bonds are sold at
22 public sale; or
- 23 (2) the publication one (1) time in a newspaper of general
24 circulation published in the county of notice of the execution
25 and delivery of the contract for the sale of bonds;
26 whichever occurs first.

27 Sec. 25. The authority shall not issue bonds in a principal
28 amount exceeding five hundred million dollars (\$500,000,000) to
29 finance any capital improvement in a county having a consolidated
30 first class city unless:

- 31 (1) on or before June 30, 2005, the county fiscal body:
 - 32 (A) increases the rate of the tax authorized by IC 6-6-9.7
 - 33 by the maximum amount authorized by IC 6-6-9.7-7(c);
 - 34 (B) increases the rate of the tax authorized by IC 6-9-8 by
 - 35 the maximum amount authorized by IC 6-9-8-3(d);
 - 36 (C) increases the rate of tax authorized by IC 6-9-12 by the
 - 37 maximum amount authorized by IC 6-9-12-5(b); and
 - 38 (D) increases the rate of the tax authorized by IC 6-9-13 by
 - 39 the maximum amount authorized by IC 6-9-13-2(b); and
- 40 (2) on or before July 31, 2005, the budget director makes a
41 determination under IC 36-7-31-14.1 to increase the amount
42 of money captured in a tax area established under IC 36-7-31

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1 by up to eleven million dollars (\$11,000,000) per year,
2 commencing July 1, 2007.

3 Sec. 26. (a) Notwithstanding any other law, any capital
4 improvement that may be leased by the authority to a capital
5 improvement board under this chapter may also be leased by the
6 authority to any state agency. Any lease between the authority and
7 a state agency under this chapter:

8 (1) must set forth the terms and conditions of the use and
9 occupancy under the lease;

10 (2) must set forth the amounts agreed to be paid at stated
11 intervals for the use and occupancy under the lease;

12 (3) must provide that the state agency is not obligated to
13 continue to pay for the use and occupancy under the lease but
14 is instead required to vacate the facility if it is shown that the
15 terms and conditions of the use and occupancy and the
16 amount to be paid for the use and occupancy are unjust and
17 unreasonable considering the value of the services and
18 facilities thereby afforded;

19 (4) must provide that the state agency is required to vacate
20 the facility if funds have not been appropriated or are not
21 available to pay any sum agreed to be paid for use and
22 occupancy when due;

23 (5) may provide for such costs as maintenance, operations,
24 taxes, and insurance to be paid by the state agency;

25 (6) may contain an option to renew the lease;

26 (7) may contain an option to purchase the facility for an
27 amount equal to the amount required to pay the principal and
28 interest of indebtedness of the authority incurred on account
29 of the facility and expenses of the authority attributable to the
30 facility;

31 (8) may provide for payment of sums for use and occupancy
32 of an existing capital improvement being used by the state
33 agency, but may not provide for payment of sums for use and
34 occupancy of a new capital improvement until the
35 construction of the capital improvement or portion thereof
36 has been completed and the new capital improvement or a
37 portion thereof is available for use and occupancy by the state
38 agency; and

39 (9) may contain any other provisions agreeable to the
40 authority and the state agency.

41 (b) Any state agency that leases a capital improvement from the
42 authority under this chapter may sublease the capital improvement

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1 to a capital improvement board under the terms and conditions set
2 forth in section 13 of this chapter.

3 (c) Notwithstanding any other law, in anticipation of the
4 construction of any capital improvement and the lease of that
5 capital improvement by the authority to a state agency, the
6 authority may acquire an existing facility owned by the state
7 agency and then lease the facility to the state agency. A lease made
8 under this subsection shall describe the capital improvement to be
9 constructed and may provide for the payment of rent by the state
10 agency for the use of the existing facility. If such rent is to be paid
11 pursuant to the lease, the lease shall provide that upon completion
12 of the construction of the capital improvement, the capital
13 improvement shall be substituted for the existing facility under the
14 lease. The rent required to be paid by the state agency pursuant to
15 the lease shall not constitute a debt of the state for purposes of the
16 Constitution of the State of Indiana. A lease entered into under this
17 subsection is subject to the same requirements for a lease entered
18 into under subsection (a) with respect to both the existing facility
19 and the capital improvement anticipated to be constructed.

20 (d) This chapter contains full and complete authority for leases
21 between the authority and a state agency and subleases between a
22 state agency and a capital improvement board. No law, procedure,
23 proceedings, publications, notices, consents, approvals, orders, or
24 acts by the board, the governing body of any state agency or the
25 capital improvement board or any other officer, department,
26 agency, or instrumentality of the state or any political subdivision
27 is required to enter into any such lease or sublease, except as
28 prescribed in this chapter.

29 Sec. 27. In order to enable the authority to lease a capital
30 improvement or existing facility to a state agency under section 26
31 of this chapter, the governor may convey, transfer, or sell, with or
32 without consideration, real property (including the buildings,
33 structures, and improvements), title to which is held in the name of
34 the state, to the authority, without being required to advertise or
35 solicit bids or proposals, in order to accomplish the governmental
36 purposes of this chapter.

37 Sec. 28. If the authority enters into a lease with a capital
38 improvement board under section 13 of this chapter or a state
39 agency under section 26 of this chapter, which then enters into a
40 sublease with a capital improvement board under section 26(b) of
41 this chapter, and the rental payments owed by the capital
42 improvement board to the authority under the lease or to the state

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1 agency under the sublease are payable from the taxes described in
 2 section 25 of this chapter or from the taxes authorized under
 3 IC 6-9-35, the state budget director may choose the designee of the
 4 capital improvement board, which shall receive and deposit the
 5 revenues derived from such taxes. The designee shall hold the
 6 revenues on behalf of the capital improvement board pursuant to
 7 an agreement between the authority and the capital improvement
 8 board or between a state agency and the capital improvement
 9 board. The agreement shall provide for the application of the
 10 revenues in a manner that does not adversely affect the validity of
 11 the lease or the sublease, as applicable. The designee must be a
 12 trust company or national or state bank within Indiana that has
 13 trust powers.

14 SECTION 8. IC 5-28-15-3, AS ADDED BY P.L.4-2005, SECTION
 15 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JANUARY 1, 2006]: Sec. 3. As used in this chapter, "zone business"
 17 means an entity that accesses at least one (1) tax credit, **deduction**, or
 18 exemption incentive available under this chapter, IC 6-1.1-20.8, **or**
 19 **IC 6-1.1-45, IC 6-3-3-10, IC 6-3.1-7, or IC 6-3.1-10.**

20 SECTION 9. IC 5-28-15-5, AS ADDED BY P.L.4-2005, SECTION
 21 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 22 2005]: Sec. 5. (a) The board has the following powers, in addition to
 23 other powers that are contained in this chapter:

- 24 (1) To review and approve or reject all applicants for enterprise
 25 zone designation, according to the criteria for designation that this
 26 chapter provides.
- 27 (2) To waive or modify rules as provided in this chapter.
- 28 (3) To provide a procedure by which enterprise zones may be
 29 monitored and evaluated on an annual basis.
- 30 (4) To adopt rules for the disqualification of a zone business from
 31 eligibility for any or all incentives available to zone businesses,
 32 if that zone business does not do one (1) of the following:
 - 33 (A) If all its incentives, as contained in the summary required
 34 under section 7 of this chapter, exceed one thousand dollars
 35 (\$1,000) in any year, pay a registration fee to the board in an
 36 amount equal to one percent (1%) of all its incentives.
 - 37 (B) Use all its incentives, except for the amount of the
 38 registration fee, for its property or employees in the zone.
 - 39 (C) Remain open and operating as a zone business for twelve
 40 (12) months of the assessment year for which the incentive is
 41 claimed.
- 42 (5) To disqualify a zone business from eligibility for any or all

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1 incentives available to zone businesses in accordance with the
 2 procedures set forth in the board's rules.
 3 (6) After a recommendation from a U.E.A., to modify an
 4 enterprise zone boundary if the board determines that the
 5 modification:
 6 (A) is in the best interests of the zone; and
 7 (B) meets the threshold criteria and factors set forth in section
 8 9 of this chapter.
 9 (7) To employ staff and contract for services.
 10 (8) To receive funds from any source and expend the funds for the
 11 administration and promotion of the enterprise zone program.
 12 (9) To make determinations under IC 6-3.1-11 concerning the
 13 designation of locations as industrial recovery sites and the
 14 availability of the credit provided by IC 6-1.1-20.7 to persons
 15 owning inventory located on an industrial recovery site.
 16 (10) To make determinations under IC 6-1.1-20.7 and IC 6-3.1-11
 17 concerning the disqualification of persons from claiming credits
 18 provided by those chapters in appropriate cases.
 19 (11) To make determinations under IC 6-3.1-11.5 concerning the
 20 designation of locations as military base recovery sites and the
 21 availability of the credit provided by IC 6-3.1-11.5 to persons
 22 making qualified investments in military base recovery sites.
 23 (12) To make determinations under IC 6-3.1-11.5 concerning the
 24 disqualification of persons from claiming the credit provided by
 25 IC 6-3.1-11.5 in appropriate cases.
 26 (b) In addition to a registration fee paid under subsection (a)(4)(A),
 27 each zone business that receives a **credit under an incentive described**
 28 **in section 3 of** this chapter shall assist the zone U.E.A. in an amount
 29 determined by the legislative body of the municipality in which the
 30 zone is located. If a zone business does not assist a U.E.A., the
 31 legislative body of the municipality in which the zone is located may
 32 pass an ordinance disqualifying a zone business from eligibility for all
 33 credits or incentives available to zone businesses. If a legislative body
 34 disqualifies a zone business under this subsection, the legislative body
 35 shall notify the board, the department of local government finance, and
 36 the department of state revenue in writing not more than thirty (30)
 37 days after the passage of the ordinance disqualifying the zone business.
 38 Disqualification of a zone business under this section is effective
 39 beginning with the taxable year in which the ordinance disqualifying
 40 the zone business is adopted.
 41 SECTION 10. IC 5-28-15-6, AS ADDED BY P.L.4-2005,
 42 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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1 JULY 1, 2005]: Sec. 6. (a) The enterprise zone fund is established
2 within the state treasury.

- 3 (b) The fund consists of:
- 4 (1) the revenue from the registration fee required under section 5
- 5 of this chapter; and
- 6 (2) appropriations from the general assembly.

7 (c) The corporation shall administer the fund. The fund may be used
8 to:

- 9 (1) pay the expenses of administering the fund;
- 10 (2) pay nonrecurring administrative expenses of the enterprise
- 11 zone program; ~~and~~
- 12 (3) provide grants to U.E.A.s for brownfield remediation in
- 13 enterprise zones; **and**
- 14 **(4) pay administrative expenses of urban enterprise**
- 15 **associations.**

16 However, money in the fund may not be expended unless it has been
17 appropriated by the general assembly and allotted by the budget
18 agency.

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

23 (e) Money in the fund at the end of a state fiscal year does not revert
24 to the state general fund. The corporation shall develop appropriate
25 applications and may develop grant allocation guidelines, without
26 complying with IC 4-22-2, for awarding grants under this subsection.
27 The grant allocation guidelines must take into consideration the
28 competitive impact of brownfield redevelopment plans on existing zone
29 businesses.

30 SECTION 11. IC 6-1.1-12-34.5 IS ADDED TO THE INDIANA
31 CODE AS A NEW SECTION TO READ AS FOLLOWS
32 [EFFECTIVE JULY 1, 2005]: **Sec. 34.5. (a) As used in this section,**
33 **"coal combustion product" has the meaning set forth in**
34 **IC 6-1.1-44-1.**

35 **(b) As used in this section, "qualified building" means a building**
36 **designed and constructed to systematically use qualified materials**
37 **throughout the building.**

38 **(c) For purposes of this section, building materials are**
39 **"qualified materials" if at least sixty percent (60%) of the**
40 **materials' dry weight consists of coal combustion products.**

41 **(d) The owner of a qualified building, as determined by the**
42 **center for coal technology research, is entitled to a property tax**

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1 **deduction for not more than three (3) years. The amount of the**
2 **deduction equals the product of:**

- 3 **(1) the assessed value of the qualified building; multiplied by**
- 4 **(2) five percent (5%).**

5 SECTION 12. IC 6-1.1-12-35.5 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 35.5. (a) Except as
7 provided in section 36 of this chapter, a person who desires to claim the
8 deduction provided by section 31, 33, ~~or 34~~, **or 34.5** of this chapter
9 must file a certified statement in duplicate, on forms prescribed by the
10 department of local government finance, and proof of certification
11 under subsection (b) **or (f)** with the auditor of the county in which the
12 property for which the deduction is claimed is subject to assessment.
13 Except as provided in subsection (e), with respect to property that is not
14 assessed under IC 6-1.1-7, the person must file the statement between
15 March 1 and May 10, inclusive, of the assessment year. The person
16 must file the statement in each year for which he desires to obtain the
17 deduction. With respect to a property which is assessed under
18 IC 6-1.1-7, the person must file the statement between January 15 and
19 March 31, inclusive, of each year for which he desires to obtain the
20 deduction. The statement may be filed in person or by mail. If mailed,
21 the mailing must be postmarked on or before the last day for filing. On
22 verification of the statement by the assessor of the township in which
23 the property for which the deduction is claimed is subject to
24 assessment, the county auditor shall allow the deduction.

25 **(b) This subsection does not apply to an application for a**
26 **deduction under section 34.5 of this chapter.** The department of
27 environmental management, upon application by a property owner,
28 shall determine whether a system or device qualifies for a deduction
29 provided by section 31, 33, or 34 of this chapter. If the department
30 determines that a system or device qualifies for a deduction, it shall
31 certify the system or device and provide proof of the certification to the
32 property owner. The department shall prescribe the form and manner
33 of the certification process required by this subsection.

34 **(c) This subsection does not apply to an application for a**
35 **deduction under section 34.5 of this chapter.** If the department of
36 environmental management receives an application for certification
37 before April 10 of the assessment year, the department shall determine
38 whether the system or device qualifies for a deduction before May 10
39 of the assessment year. If the department fails to make a determination
40 under this subsection before May 10 of the assessment year, the system
41 or device is considered certified.

42 **(d) A denial of a deduction claimed under section 31, 33, ~~or 34~~, or**

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1 **34.5** of this chapter may be appealed as provided in IC 6-1.1-15. The
2 appeal is limited to a review of a determination made by the township
3 assessor, county property tax assessment board of appeals, or
4 department of local government finance.

5 (e) A person who timely files a personal property return under
6 IC 6-1.1-3-7(a) for an assessment year and who desires to claim the
7 deduction provided in section 31 of this chapter for property that is not
8 assessed under IC 6-1.1-7 must file the statement described in
9 subsection (a) between March 1 and May 15, inclusive, of that year. A
10 person who obtains a filing extension under IC 6-1.1-3-7(b) for an
11 assessment year must file the application between March 1 and the
12 extended due date for that year.

13 **(f) This subsection applies only to an application for a deduction**
14 **under section 34.5 of this chapter. The center for coal technology**
15 **research established by IC 4-4-30-5, upon receiving an application**
16 **from the owner of a building, shall determine whether the building**
17 **qualifies for a deduction under section 34.5 of this chapter. If the**
18 **center determines that a building qualifies for a deduction, the**
19 **center shall certify the building and provide proof of the**
20 **certification to the owner of the building. The center shall**
21 **prescribe the form and procedure for certification of buildings**
22 **under this subsection. If the center receives an application for**
23 **certification of a building under section 34.5 of this chapter before**
24 **April 10 of an assessment year:**

- 25 (1) the center shall determine whether the building qualifies
26 for a deduction before May 10 of the assessment year; and
- 27 (2) if the center fails to make a determination before May 10
28 of the assessment year, the building is considered certified.

29 SECTION 13. IC 6-1.1-12-36 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 36. (a) A person who
31 receives a deduction provided under section 26, 29, 33, 34, **34.5**, or 38
32 of this chapter for a particular year and who remains eligible for the
33 deduction for the following year is not required to file a statement to
34 apply for the deduction for the following year.

35 (b) A person who receives a deduction provided under section 26,
36 29, 33, 34, **34.5**, or 38 of this chapter for a particular year and who
37 becomes ineligible for the deduction for the following year shall notify
38 the auditor of the county in which the real property or mobile home for
39 which he received the deduction is located of his ineligibility before
40 March 31 of the year for which he becomes ineligible.

41 (c) The auditor of each county shall, in a particular year, apply a
42 deduction provided under section 26, 29, 33, 34, **34.5**, or 38 of this

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1 chapter to each person who received the deduction in the preceding
2 year unless the auditor determines that the person is no longer eligible
3 for the deduction.

4 SECTION 14. IC 6-1.1-12.1-1 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. For purposes of this
6 chapter:

7 (1) "Economic revitalization area" means an area which is within
8 the corporate limits of a city, town, or county which has become
9 undesirable for, or impossible of, normal development and
10 occupancy because of a lack of development, cessation of growth,
11 deterioration of improvements or character of occupancy, age,
12 obsolescence, substandard buildings, or other factors which have
13 impaired values or prevent a normal development of property or
14 use of property. The term "economic revitalization area" also
15 includes:

16 (A) any area where a facility or a group of facilities that are
17 technologically, economically, or energy obsolete are located
18 and where the obsolescence may lead to a decline in
19 employment and tax revenues; and

20 (B) a residentially distressed area, except as otherwise
21 provided in this chapter.

22 (2) "City" means any city in this state, and "town" means any town
23 incorporated under IC 36-5-1.

24 (3) "New manufacturing equipment" means any tangible personal
25 property which:

26 (A) was installed after February 28, 1983, and before January
27 1, ~~2006~~, **2012**, in an area that is declared an economic
28 revitalization area after February 28, 1983, in which a
29 deduction for tangible personal property is allowed;

30 (B) is used in the direct production, manufacture, fabrication,
31 assembly, extraction, mining, processing, refining, or finishing
32 of other tangible personal property, including but not limited
33 to use to dispose of solid waste or hazardous waste by
34 converting the solid waste or hazardous waste into energy or
35 other useful products; and

36 (C) was acquired by its owner for use as described in clause
37 (B) and was never before used by its owner for any purpose in
38 Indiana.

39 However, notwithstanding any other law, the term includes
40 tangible personal property that is used to dispose of solid waste or
41 hazardous waste by converting the solid waste or hazardous waste
42 into energy or other useful products and was installed after March

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- 1 1, 1993, and before March 2, 1996, even if the property was
- 2 installed before the area where the property is located was
- 3 designated as an economic revitalization area or the statement of
- 4 benefits for the property was approved by the designating body.
- 5 (4) "Property" means a building or structure, but does not include
- 6 land.
- 7 (5) "Redevelopment" means the construction of new structures in
- 8 economic revitalization areas, either:
- 9 (A) on unimproved real estate; or
- 10 (B) on real estate upon which a prior existing structure is
- 11 demolished to allow for a new construction.
- 12 (6) "Rehabilitation" means the remodeling, repair, or betterment
- 13 of property in any manner or any enlargement or extension of
- 14 property.
- 15 (7) "Designating body" means the following:
- 16 (A) For a county that does not contain a consolidated city, the
- 17 fiscal body of the county, city, or town.
- 18 (B) For a county containing a consolidated city, the
- 19 metropolitan development commission.
- 20 (8) "Deduction application" means either:
- 21 (A) the application filed in accordance with section 5 of this
- 22 chapter by a property owner who desires to obtain the
- 23 deduction provided by section 3 of this chapter; or
- 24 (B) the application (**before January 1, 2006**) or **schedule**
- 25 **(after December 31, 2005)** filed in accordance with ~~section~~
- 26 ~~5.5~~ **section 5.4** of this chapter by a person who desires to
- 27 obtain the deduction provided by section 4.5 of this chapter.
- 28 (9) "Designation application" means an application that is filed
- 29 with a designating body to assist that body in making a
- 30 determination about whether a particular area should be
- 31 designated as an economic revitalization area.
- 32 (10) "Hazardous waste" has the meaning set forth in
- 33 IC 13-11-2-99(a). The term includes waste determined to be a
- 34 hazardous waste under IC 13-22-2-3(b).
- 35 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
- 36 However, the term does not include dead animals or any animal
- 37 solid or semisolid wastes.
- 38 (12) "New research and development equipment" means tangible
- 39 personal property that:
- 40 (A) is installed after June 30, 2000, and before January 1,
- 41 ~~2006~~, **2012**, in an economic revitalization area in which a
- 42 deduction for tangible personal property is allowed;

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- 1 (B) consists of:
 2 (i) laboratory equipment;
 3 (ii) research and development equipment;
 4 (iii) computers and computer software;
 5 (iv) telecommunications equipment; or
 6 (v) testing equipment;
 7 (C) is used in research and development activities devoted
 8 directly and exclusively to experimental or laboratory research
 9 and development for new products, new uses of existing
 10 products, or improving or testing existing products; and
 11 (D) is acquired by the property owner for purposes described
 12 in this subdivision and was never before used by the owner for
 13 any purpose in Indiana.
 14 The term does not include equipment installed in facilities used
 15 for or in connection with efficiency surveys, management studies,
 16 consumer surveys, economic surveys, advertising or promotion,
 17 or research in connection with literacy, history, or similar
 18 projects.
 19 (13) "New logistical distribution equipment" means tangible
 20 personal property that:
 21 (A) is installed after June 30, 2004, and before January 1,
 22 ~~2006~~; **2012**, in an economic revitalization area
 23 ~~(i) in which a deduction for tangible personal property is~~
 24 ~~allowed; and~~
 25 ~~(ii) located in a county referred to in section 2.3 of this~~
 26 ~~chapter; subject to section 2.3(c) of this chapter;~~
 27 (B) consists of:
 28 (i) racking equipment;
 29 (ii) scanning or coding equipment;
 30 (iii) separators;
 31 (iv) conveyors;
 32 (v) forklifts or lifting equipment (including "walk behinds");
 33 (vi) transitional moving equipment;
 34 (vii) packaging equipment;
 35 (viii) sorting and picking equipment; or
 36 (ix) software for technology used in logistical distribution;
 37 (C) is used for the storage or distribution of goods, services, or
 38 information; and
 39 (D) before being used as described in clause (C), was never
 40 used by its owner for any purpose in Indiana.
 41 (14) "New information technology equipment" means tangible
 42 personal property that:

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- 1 (A) is installed after June 30, 2004, and before January 1,
- 2 ~~2006; 2012~~, in an economic revitalization area
- 3 (i) in which a deduction for tangible personal property is
- 4 allowed; and
- 5 (ii) ~~located in a county referred to in section 2-3 of this~~
- 6 ~~chapter; subject to section 2-3(c) of this chapter;~~
- 7 (B) consists of equipment, including software, used in the
- 8 fields of:
- 9 (i) information processing;
- 10 (ii) office automation;
- 11 (iii) telecommunication facilities and networks;
- 12 (iv) informatics;
- 13 (v) network administration;
- 14 (vi) software development; and
- 15 (vii) fiber optics; and
- 16 (C) before being installed as described in clause (A), was
- 17 never used by its owner for any purpose in Indiana.

18 SECTION 15. IC 6-1.1-12.1-2 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) A designating
 20 body may find that a particular area within its jurisdiction is an
 21 economic revitalization area. However, the deduction provided by this
 22 chapter for economic revitalization areas not within a city or town shall
 23 not be available to retail businesses.

24 (b) In a county containing a consolidated city or within a city or
 25 town, a designating body may find that a particular area within its
 26 jurisdiction is a residentially distressed area. Designation of an area as
 27 a residentially distressed area has the same effect as designating an
 28 area as an economic revitalization area, except that the amount of the
 29 deduction shall be calculated as specified in section 4.1 of this chapter
 30 and the deduction is allowed for not more than five (5) years. In order
 31 to declare a particular area a residentially distressed area, the
 32 designating body must follow the same procedure that is required to
 33 designate an area as an economic revitalization area and must make all
 34 the following additional findings or all the additional findings
 35 described in subsection (c):

- 36 (1) The area is comprised of parcels that are either unimproved or
- 37 contain only one (1) or two (2) family dwellings or multifamily
- 38 dwellings designed for up to four (4) families, including accessory
- 39 buildings for those dwellings.
- 40 (2) Any dwellings in the area are not permanently occupied and
- 41 are:
- 42 (A) the subject of an order issued under IC 36-7-9; or

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- 1 (B) evidencing significant building deficiencies.
- 2 (3) Parcels of property in the area:
- 3 (A) have been sold and not redeemed under IC 6-1.1-24 and
- 4 IC 6-1.1-25; or
- 5 (B) are owned by a unit of local government.

6 However, in a city in a county having a population of more than two
 7 hundred thousand (200,000) but less than three hundred thousand
 8 (300,000), the designating body is only required to make one (1) of the
 9 additional findings described in this subsection or one (1) of the
 10 additional findings described in subsection (c).

11 (c) In a county containing a consolidated city or within a city or
 12 town, a designating body that wishes to designate a particular area a
 13 residentially distressed area may make the following additional
 14 findings as an alternative to the additional findings described in
 15 subsection (b):

- 16 (1) A significant number of dwelling units within the area are not
- 17 permanently occupied or a significant number of parcels in the
- 18 area are vacant land.
- 19 (2) A significant number of dwelling units within the area are:
- 20 (A) the subject of an order issued under IC 36-7-9; or
- 21 (B) evidencing significant building deficiencies.
- 22 (3) The area has experienced a net loss in the number of dwelling
- 23 units, as documented by census information, local building and
- 24 demolition permits, or certificates of occupancy, or the area is
- 25 owned by Indiana or the United States.
- 26 (4) The area (plus any areas previously designated under this
- 27 subsection) will not exceed ten percent (10%) of the total area
- 28 within the designating body's jurisdiction.

29 However, in a city in a county having a population of more than two
 30 hundred thousand (200,000) but less than three hundred thousand
 31 (300,000), the designating body is only required to make one (1) of the
 32 additional findings described in this subsection as an alternative to one
 33 (1) of the additional findings described in subsection (b).

34 (d) A designating body is required to attach the following conditions
 35 to the grant of a residentially distressed area designation:

- 36 (1) The deduction will not be allowed unless the dwelling is
- 37 rehabilitated to meet local code standards for habitability.
- 38 (2) If a designation application is filed, the designating body may
- 39 require that the redevelopment or rehabilitation be completed
- 40 within a reasonable period of time.

41 (e) To make a designation described in subsection (a) or (b), the
 42 designating body shall use procedures prescribed in section 2.5 of this

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chapter.

(f) The property tax deductions provided by sections 3 and 4.5 of this chapter are only available within an area which the designating body finds to be an economic revitalization area.

(g) The designating body may adopt a resolution establishing general standards to be used, along with the requirements set forth in the definition of economic revitalization area, by the designating body in finding an area to be an economic revitalization area. The standards must have a reasonable relationship to the development objectives of the area in which the designating body has jurisdiction. The following three (3) sets of standards may be established:

- (1) One (1) relative to the deduction under section 3 of this chapter for economic revitalization areas that are not residentially distressed areas.
- (2) One (1) relative to the deduction under section 3 of this chapter for residentially distressed areas.
- (3) One (1) relative to the deduction allowed under section 4.5 of this chapter.

(h) A designating body may impose a fee for filing a designation application for a person requesting the designation of a particular area as an economic revitalization area. The fee may be sufficient to defray actual processing and administrative costs. However, the fee charged for filing a designation application for a parcel that contains one (1) or more owner-occupied, single-family dwellings may not exceed the cost of publishing the required notice.

(i) In declaring an area an economic revitalization area, the designating body may:

- (1) limit the time period to a certain number of calendar years during which the area shall be so designated;
- (2) limit the type of deductions that will be allowed within the economic revitalization area to either the deduction allowed under section 3 of this chapter or the deduction allowed under section 4.5 of this chapter;
- (3) limit the dollar amount of the deduction that will be allowed with respect to new manufacturing equipment, new research and development equipment, new logistical distribution equipment, and new information technology equipment if a deduction under this chapter had not been filed before July 1, 1987, for that equipment;
- (4) limit the dollar amount of the deduction that will be allowed with respect to redevelopment and rehabilitation occurring in areas that are designated as economic revitalization areas on or

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1 after September 1, 1988; or

2 (5) impose reasonable conditions related to the purpose of this
3 chapter or to the general standards adopted under subsection (g)
4 for allowing the deduction for the redevelopment or rehabilitation
5 of the property or the installation of the new manufacturing
6 equipment, new research and development equipment, new
7 logistical distribution equipment, or new information technology
8 equipment.

9 To exercise one (1) or more of these powers, a designating body must
10 include this fact in the resolution passed under section 2.5 of this
11 chapter.

12 (j) Notwithstanding any other provision of this chapter, if a
13 designating body limits the time period during which an area is an
14 economic revitalization area, that limitation does not:

15 (1) prevent a taxpayer from obtaining a deduction for new
16 manufacturing equipment, new research and development
17 equipment, new logistical distribution equipment, or new
18 information technology equipment installed before January 1,
19 ~~2006~~, **2012**, but after the expiration of the economic revitalization
20 area if:

21 (A) the economic revitalization area designation expires after
22 December 30, 1995; and

23 (B) the new manufacturing equipment, new research and
24 development equipment, new logistical distribution
25 equipment, or new information technology equipment was
26 described in a statement of benefits submitted to and approved
27 by the designating body in accordance with section 4.5 of this
28 chapter before the expiration of the economic revitalization
29 area designation; or

30 (2) limit the length of time a taxpayer is entitled to receive a
31 deduction to a number of years that is less than the number of
32 years designated under section 4 or 4.5 of this chapter.

33 (k) Notwithstanding any other provision of this chapter, deductions:

34 (1) that are authorized under section 3 of this chapter for property
35 in an area designated as an urban development area before March
36 1, 1983, and that are based on an increase in assessed valuation
37 resulting from redevelopment or rehabilitation that occurs before
38 March 1, 1983; or

39 (2) that are authorized under section 4.5 of this chapter for new
40 manufacturing equipment installed in an area designated as an
41 urban development area before March 1, 1983;

42 apply according to the provisions of this chapter as they existed at the

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1 time that an application for the deduction was first made. No deduction
 2 that is based on the location of property or new manufacturing
 3 equipment in an urban development area is authorized under this
 4 chapter after February 28, 1983, unless the initial increase in assessed
 5 value resulting from the redevelopment or rehabilitation of the property
 6 or the installation of the new manufacturing equipment occurred before
 7 March 1, 1983.

8 (l) If property located in an economic revitalization area is also
 9 located in an allocation area (as defined in IC 36-7-14-39 or
 10 IC 36-7-15.1-26), an application for the property tax deduction
 11 provided by this chapter may not be approved unless the commission
 12 that designated the allocation area adopts a resolution approving the
 13 application.

14 SECTION 16. IC 6-1.1-12.1-5.4 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5.4. (a) A person
 16 that desires to obtain the deduction provided by section 4.5 of this
 17 chapter must file a certified deduction ~~application~~ **schedule with the**
 18 **person's personal property return on forms a form** prescribed by the
 19 department of local government finance with the ~~auditor township~~
 20 **assessor** of the ~~county township~~ in which the new manufacturing
 21 equipment, new research and development equipment, new logistical
 22 distribution equipment, or new information technology equipment is
 23 located. **Except as provided in subsection (e), the deduction is**
 24 **applied in the amount claimed in a certified schedule that a person**
 25 **that files with:**

26 (1) ~~a timely files a personal property return under IC 6-1.1-3-7(a)~~
 27 ~~for the year in which the new manufacturing equipment, new~~
 28 ~~research and development equipment, new logistical distribution~~
 29 ~~equipment, or new information technology equipment is installed~~
 30 ~~must file the application between March 1 and May 15 of that~~
 31 ~~year. A person that obtains a filing extension under or~~
 32 ~~IC 6-1.1-3-7(b); for the year in which the new manufacturing~~
 33 ~~equipment, new research and development equipment, new~~
 34 ~~logistical distribution equipment, or new information technology~~
 35 ~~equipment is installed must file the application between March 1~~
 36 ~~and the extended due date for that year. or~~

37 (2) **a timely amended personal property return under**
 38 **IC 6-1.1-3-7.5.**

39 **The township assessor shall forward to the county auditor and the**
 40 **county assessor a copy of each certified deduction schedule filed**
 41 **under this subsection.**

42 (b) The deduction ~~application~~ **schedule** required by this section

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1 must contain the following information:

2 (1) The name of the owner of the new manufacturing equipment,
 3 new research and development equipment, new logistical
 4 distribution equipment, or new information technology
 5 equipment.

6 (2) A description of the new manufacturing equipment, new
 7 research and development equipment, new logistical distribution
 8 equipment, or new information technology equipment.

9 ~~(3) Proof of the date the new manufacturing equipment, new~~
 10 ~~research and development equipment, new logistical distribution~~
 11 ~~equipment, or new information technology equipment was~~
 12 ~~installed.~~

13 ~~(4)~~ **(3)** The amount of the deduction claimed for the first year of
 14 the deduction.

15 (c) This subsection applies to a deduction ~~application~~ **schedule** with
 16 respect to new manufacturing equipment, new research and
 17 development equipment, new logistical distribution equipment, or new
 18 information technology equipment for which a statement of benefits
 19 was initially approved after April 30, 1991. If a determination about the
 20 number of years the deduction is allowed has not been made in the
 21 resolution adopted under section 2.5 of this chapter, the county auditor
 22 shall send a copy of the deduction ~~application~~ **schedule** to the
 23 designating body, and the designating body shall adopt a resolution
 24 under section 4.5(g)(2) of this chapter.

25 (d) A deduction ~~application~~ **schedule** must be filed under this
 26 section in the year in which the new manufacturing equipment, new
 27 research and development equipment, new logistical distribution
 28 equipment, or new information technology equipment is installed and
 29 in each of the immediately succeeding years the deduction is allowed.

30 (e) ~~Subject to subsection (i); The county auditor shall:~~ **township**
 31 **assessor or the county assessor may:**

32 (1) review the deduction ~~application;~~ **schedule;** and
 33 (2) ~~approve;~~ **before the March 1 that next succeeds the**
 34 **assessment date for which the deduction is claimed,** deny or
 35 alter the amount of the deduction.

36 Upon approval of the deduction application or alteration of the amount
 37 of the deduction, ~~If the township assessor or the county assessor~~
 38 **does not deny the deduction,** the county auditor shall ~~make~~ **apply** the
 39 deduction ~~in the amount claimed in the deduction schedule or in the~~
 40 **amount as altered by the township assessor or the county assessor.**
 41 **A township assessor or a county assessor who denies a deduction**
 42 **under this subsection or alters the amount of the deduction shall**

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1 **notify the person that claimed the deduction and the county**
2 **auditor of the assessor's action.** The county auditor shall notify the
3 **designating body and the** county property tax assessment board of
4 appeals of all deductions ~~approved~~ **applied** under this section.

5 (f) If the ownership of new manufacturing equipment, new research
6 and development equipment, new logistical distribution equipment, or
7 new information technology equipment changes, the deduction
8 provided under section 4.5 of this chapter continues to apply to that
9 equipment if the new owner:

- 10 (1) continues to use the equipment in compliance with any
- 11 standards established under section 2(g) of this chapter; and
- 12 (2) files the deduction ~~applications~~ **schedules** required by this
- 13 section.

14 (g) The amount of the deduction is the percentage under section 4.5
15 of this chapter that would have applied if the ownership of the property
16 had not changed multiplied by the assessed value of the equipment for
17 the year the deduction is claimed by the new owner.

18 (h) A person may appeal ~~the a~~ determination of the ~~county auditor~~
19 **township assessor or the county assessor** under subsection (e) **to**
20 **deny or alter the amount of the deduction** by filing a complaint in
21 **the office of the clerk of the circuit or superior court requesting in**
22 **writing a preliminary conference with the township assessor or the**
23 **county assessor** not more than forty-five (45) days after the ~~county~~
24 ~~auditor township assessor or the county assessor~~ gives the person
25 notice of the determination. **Except as provided in subsection (i), an**
26 **appeal initiated under this subsection is processed and determined**
27 **in the same manner that an appeal is processed and determined**
28 **under IC 6-1.1-15.**

29 (i) Before the county auditor acts under subsection (e); the county
30 auditor may request that the township assessor in which the property is
31 located ~~review the deduction application~~.

32 (i) **The county assessor is recused from any action the county**
33 **property tax assessment board of appeals takes with respect to an**
34 **appeal under subsection (h) of a determination by the county**
35 **assessor.**

36 SECTION 17. IC 6-1.1-12.1-5.6 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5.6. (a) This
38 subsection applies to a property owner whose statement of benefits was
39 approved under section 4.5 of this chapter before July 1, 1991. In
40 addition to the requirements of section ~~5.5(b)~~ **5.4(b)** of this chapter, a
41 deduction ~~application~~ **schedule** filed under section ~~5.5~~ **5.4** of this
42 chapter must contain information showing the extent to which there has

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1 been compliance with the statement of benefits approved under section
2 4.5 of this chapter. Failure to comply with a statement of benefits
3 approved before July 1, 1991, may not be a basis for rejecting a
4 deduction ~~application~~. **schedule.**

5 (b) This subsection applies to a property owner whose statement of
6 benefits was approved under section 4.5 of this chapter after June 30,
7 1991. In addition to the requirements of section ~~5.5(b)~~ **5.4(b)** of this
8 chapter, a property owner who files a deduction ~~application~~ **schedule**
9 under section ~~5.5~~ **5.4** of this chapter must provide the county auditor
10 and the designating body with information showing the extent to which
11 there has been compliance with the statement of benefits approved
12 under section 4.5 of this chapter.

13 (c) Notwithstanding IC 5-14-3 and IC 6-1.1-35-9, the following
14 information is a public record if filed under this section:

- 15 (1) The name and address of the taxpayer.
- 16 (2) The location and description of the new manufacturing
17 equipment, new research and development equipment, new
18 logistical distribution equipment, or new information technology
19 equipment for which the deduction was granted.
- 20 (3) Any information concerning the number of employees at the
21 facility where the new manufacturing equipment, new research
22 and development equipment, new logistical distribution
23 equipment, or new information technology equipment is located,
24 including estimated totals that were provided as part of the
25 statement of benefits.
- 26 (4) Any information concerning the total of the salaries paid to
27 those employees, including estimated totals that were provided as
28 part of the statement of benefits.
- 29 (5) Any information concerning the amount of solid waste or
30 hazardous waste converted into energy or other useful products by
31 the new manufacturing equipment.
- 32 (6) Any information concerning the assessed value of the new
33 manufacturing equipment, new research and development
34 equipment, new logistical distribution equipment, or new
35 information technology equipment including estimates that were
36 provided as part of the statement of benefits.

37 (d) The following information is confidential if filed under this
38 section:

- 39 (1) Any information concerning the specific salaries paid to
40 individual employees by the owner of the new manufacturing
41 equipment, new research and development equipment, new
42 logistical distribution equipment, or new information technology

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1 equipment.

2 (2) Any information concerning the cost of the new

3 manufacturing equipment, new research and development

4 equipment, new logistical distribution equipment, or new

5 information technology equipment.

6 SECTION 18. IC 6-1.1-12.1-5.9 IS AMENDED TO READ AS

7 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5.9. (a) This

8 section does not apply to:

9 (1) a deduction under section 3 of this chapter for property

10 located in a residentially distressed area; or

11 (2) any other deduction under section 3 or 4.5 of this chapter for

12 which a statement of benefits was approved before July 1, 1991.

13 (b) Not later than forty-five (45) days after receipt of the information

14 described in section 5.1 or 5.6 of this chapter, the designating body

15 may determine whether the property owner has substantially complied

16 with the statement of benefits approved under section 3 or 4.5 of this

17 chapter. If the designating body determines that the property owner has

18 not substantially complied with the statement of benefits and that the

19 failure to substantially comply was not caused by factors beyond the

20 control of the property owner (such as declines in demand for the

21 property owner's products or services), the designating body shall mail

22 a written notice to the property owner. The written notice must include

23 the following provisions:

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

25 determination.

26 (2) The date, time, and place of a hearing to be conducted by the

27 designating body for the purpose of further considering the

28 property owner's compliance with the statement of benefits. The

29 date of the hearing may not be more than thirty (30) days after the

30 date on which the notice is mailed.

31 (c) On the date specified in the notice described in subsection

32 (b)(2), the designating body shall conduct a hearing for the purpose of

33 further considering the property owner's compliance with the statement

34 of benefits. Based on the information presented at the hearing by the

35 property owner and other interested parties, the designating body shall

36 again determine whether the property owner has made reasonable

37 efforts to substantially comply with the statement of benefits and

38 whether any failure to substantially comply was caused by factors

39 beyond the control of the property owner. If the designating body

40 determines that the property owner has not made reasonable efforts to

41 comply with the statement of benefits, the designating body shall adopt

42 a resolution terminating the property owner's deduction under section

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1 3 or 4.5 of this chapter. If the designating body adopts such a
2 resolution, the deduction does not apply to the next installment of
3 property taxes owed by the property owner or to any subsequent
4 installment of property taxes.

5 (d) If the designating body adopts a resolution terminating a
6 deduction under subsection (c), the designating body shall immediately
7 mail a certified copy of the resolution to:

- 8 (1) the property owner; ~~and~~
- 9 (2) the county auditor; ~~and~~
- 10 **(3) if the deduction applied under section 4.5 of this chapter,**
- 11 **the township assessor.**

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

18 (e) A property owner whose deduction is terminated by the
19 designating body under this section may appeal the designating body's
20 decision by filing a complaint in the office of the clerk of the circuit or
21 superior court together with a bond conditioned to pay the costs of the
22 appeal if the appeal is determined against the property owner. An
23 appeal under this subsection shall be promptly heard by the court
24 without a jury and determined within thirty (30) days after the time of
25 the filing of the appeal. The court shall hear evidence on the appeal and
26 may confirm the action of the designating body or sustain the appeal.
27 The judgment of the court is final and conclusive unless an appeal is
28 taken as in other civil actions.

29 (f) If an appeal under subsection (e) is pending, the taxes resulting
30 from the termination of the deduction are not due until after the appeal
31 is finally adjudicated and the termination of the deduction is finally
32 determined.

33 SECTION 19. IC 6-1.1-12.1-8 IS AMENDED TO READ AS
34 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 8. (a) Not later
35 than December 31 of each year, the county auditor shall publish the
36 following in a newspaper of general interest and readership and not one
37 of limited subject matter:

- 38 (1) A list of the ~~approved~~ deduction applications that were filed
39 under this chapter during that year **that resulted in deductions**
40 **being applied under this chapter for that year.** The list must
41 contain the following:

- 42 (A) The name and address of each person approved for or

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1 receiving a deduction that was filed for during the year.
 2 (B) The amount of each deduction that was filed for during the
 3 year.
 4 (C) The number of years for which each deduction that was
 5 filed for during the year will be available.
 6 (D) The total amount for all deductions that were filed for and
 7 ~~granted~~ **applied** during the year.
 8 (2) The total amount of all deductions for real property that were
 9 in effect under section 3 of this chapter during the year.
 10 (3) The total amount of all deductions for new manufacturing
 11 equipment, new research and development equipment, new
 12 logistical distribution equipment, or new information technology
 13 equipment that were in effect under section 4.5 of this chapter
 14 during the year.
 15 (b) The county auditor shall file the information described in
 16 subsection (a)(2) and (a)(3) with the department of local government
 17 finance not later than December 31 of each year.
 18 SECTION 20. IC 6-1.1-12.1-9 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. Notwithstanding any
 20 other provision of this chapter, a designating body may not approve a
 21 statement of benefits for a deduction under section 3 or 4.5 of this
 22 chapter after December 31, ~~2005~~: **2011**.
 23 SECTION 21. IC 6-1.1-12.1-14 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 14. (a) This
 25 section does not apply to:
 26 (1) a deduction under section 3 of this chapter for property
 27 located in a residentially distressed area; or
 28 (2) any other deduction under section 3 or 4.5 of this chapter for
 29 which a statement of benefits was approved before July 1, 2004.
 30 (b) A property owner that receives a deduction under section 3 or
 31 4.5 of this chapter is subject to this section only if the designating body,
 32 with the consent of the property owner, incorporates this section,
 33 including the percentage to be applied by the county auditor for
 34 purposes of STEP TWO of subsection (c), into its initial approval of the
 35 property owner's statement of benefits and deduction at the time of that
 36 approval.
 37 (c) During each year in which a property owner's property tax
 38 liability is reduced by a deduction ~~granted~~ **applied** under this chapter,
 39 the property owner shall pay to the county treasurer a fee in an amount
 40 determined by the county auditor. The county auditor shall determine
 41 the amount of the fee to be paid by the property owner according to the
 42 following formula:

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1 STEP ONE: Determine the additional amount of property taxes
 2 that would have been paid by the property owner during the year
 3 if the deduction had not been in effect.
 4 STEP TWO: Multiply the amount determined under STEP ONE
 5 by the percentage determined by the designating body under
 6 subsection (b), which may not exceed fifteen percent (15%). The
 7 percentage determined by the designating body remains in effect
 8 throughout the term of the deduction and may not be changed.
 9 STEP THREE: Determine the lesser of the STEP TWO product
 10 or one hundred thousand dollars (\$100,000).

11 (d) Fees collected under this section must be distributed to one (1)
 12 or more public or nonprofit entities established to promote economic
 13 development within the corporate limits of the city, town, or county
 14 served by the designating body. The designating body shall notify the
 15 county auditor of the entities that are to receive distributions under this
 16 section and the relative proportions of those distributions. The county
 17 auditor shall distribute fees collected under this section in accordance
 18 with the designating body's instructions.

19 (e) If the designating body determines that a property owner has not
 20 paid a fee imposed under this section, the designating body may adopt
 21 a resolution terminating the property owner's deduction under section
 22 3 or 4.5 of this chapter. If the designating body adopts such a
 23 resolution, the deduction does not apply to the next installment of
 24 property taxes owed by the property owner or to any subsequent
 25 installment of property taxes.

26 SECTION 22. IC 6-1.1-12.4 IS ADDED TO THE INDIANA CODE
 27 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 28 JANUARY 1, 2006]:

29 **Chapter 12.4. Investment Deduction**

30 **Sec. 1. For purposes of this chapter, "official" means:**

- 31 (1) a county auditor;
 32 (2) a county assessor; or
 33 (3) a township assessor.

34 **Sec. 2. (a) For purposes of this section, an increase in the**
 35 **assessed value of real property is determined in the same manner**
 36 **that an increase in the assessed value of real property is**
 37 **determined for purposes of IC 6-1.1-12.1.**

38 (b) This subsection applies only to a development,
 39 redevelopment, or rehabilitation that is first assessed after March
 40 1, 2005, and before March 2, 2009. Except as provided in
 41 subsection (h) and sections 4, 5, and 8 of this chapter, an owner of
 42 real property that:

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1 (1) develops, redevelops, or rehabilitates the real property;
 2 and
 3 (2) creates or retains employment from the development,
 4 redevelopment, or rehabilitation;
 5 is entitled to a deduction from the assessed value of the real
 6 property.

7 (c) The deduction under this section is first available in the year
 8 in which the increase in assessed value resulting from the
 9 development, redevelopment, or rehabilitation occurs and
 10 continues for the following two (2) years. The amount of the
 11 deduction that a property owner may receive with respect to real
 12 property located in a county for a particular year equals the lesser
 13 of:

- 14 (1) two million dollars (\$2,000,000); or
 15 (2) the product of:
 16 (A) the increase in assessed value resulting from the
 17 development, rehabilitation, or redevelopment; multiplied
 18 by

19 (B) the percentage from the following table:

20 YEAR OF DEDUCTION	PERCENTAGE
21 1st	75%
22 2nd	50%
23 3rd	25%

24 (d) A property owner is not required to file an application to
 25 qualify for a deduction under this section. The township assessor
 26 shall:

- 27 (1) identify the real property eligible for the deduction to the
 28 county auditor; and
 29 (2) inform the county auditor of the deduction amount.

30 (e) The county auditor shall:

- 31 (1) make the deductions; and
 32 (2) notify the county property tax assessment board of appeals
 33 of all deductions approved;

34 under this section.

35 (f) The amount of the deduction determined under subsection
 36 (c)(2) is adjusted to reflect the percentage increase or decrease in
 37 assessed valuation that results from:

- 38 (1) a general reassessment of real property under
 39 IC 6-1.1-4-4; or
 40 (2) an annual adjustment under IC 6-1.1-4-4.5.

41 (g) If an appeal of an assessment is approved that results in a
 42 reduction of the assessed value of the real property, the amount of

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1 the deduction under this section is adjusted to reflect the
2 percentage decrease that results from the appeal.

3 (h) The deduction under this section does not apply to a facility
4 listed in IC 6-1.1-12.1-3(e).

5 Sec. 3. (a) For purposes of this section, an increase in the
6 assessed value of personal property is determined in the same
7 manner that an increase in the assessed value of new
8 manufacturing equipment is determined for purposes of
9 IC 6-1.1-12.1.

10 (b) This subsection applies only to personal property that the
11 owner installs after March 1, 2005, and before March 2, 2009.
12 Except as provided in sections 4, 5, and 8 of this chapter, an owner
13 that installs personal property other than inventory (as defined in
14 50 IAC 4.2-5-1, as in effect on January 1, 2005) that:

15 (1) was never before used by its owner for any purpose in
16 Indiana; and

17 (2) creates or retains employment;
18 is entitled to a deduction from the assessed value of the personal
19 property. For purposes of this subsection, personal property is
20 considered to be installed if the property is installed as described
21 in 50 IAC 10-1-2 (as in effect on January 1, 2005).

22 (c) The deduction under this section is first available in the year
23 in which the increase in assessed value resulting from the
24 installation of the personal property occurs and continues for the
25 following two (2) years. The amount of the deduction that a
26 property owner may receive with respect to personal property
27 located in a county for a particular year equals the lesser of:

28 (1) two million dollars (\$2,000,000); or
29 (2) the product of:

30 (A) the increase in assessed value resulting from the
31 installation of the personal property; multiplied by

32 (B) the percentage from the following table:

33 YEAR OF DEDUCTION	PERCENTAGE
34 1st	75%
35 2nd	50%
36 3rd	25%

37 (d) If an appeal of an assessment is approved that results in a
38 reduction of the assessed value of the personal property, the
39 amount of the deduction is adjusted to reflect the percentage
40 decrease that results from the appeal.

41 (e) A property owner must claim the deduction under this
42 section on the owner's annual personal property tax return. The

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township assessor shall:

- (1) identify the personal property eligible for the deduction to the county auditor; and**
- (2) inform the county auditor of the deduction amount.**

(f) The county auditor shall:

- (1) make the deductions; and**
- (2) notify the county property tax assessment board of appeals of all deductions approved;**

under this section.

Sec. 4. A property owner may not receive a deduction under this chapter with respect to real property or personal property located in an allocation area (as defined in IC 6-1.1-21.2-3).

Sec. 5. A property owner that qualifies for a deduction for a year under this chapter and another statute with respect to the same:

- (1) real property development, redevelopment, or rehabilitation; or**
- (2) personal property installation;**

may not receive a deduction under both statutes for the development, redevelopment, rehabilitation, or installation for that year.

Sec. 6. An official may:

- (1) review the creation or retention of employment from:**
 - (A) the development, redevelopment, or rehabilitation of real property; or**
 - (B) the installation of personal property;**
- that qualifies a property owner for a deduction under this chapter;**
- (2) determine whether the creation or retention of employment described in subdivision (1) has occurred; and**
- (3) if the official determines under subdivision (2) that:**

- (A) the creation or retention of employment described in subdivision (1) has not occurred; and**
- (B) the failure to create or retain employment was not caused by factors beyond the control of the property owner (such as declines in demand for the property owner's products or services);**

mail a written notice to the property owner of a hearing on the termination of the deduction under this chapter.

Sec. 7. The written notice under section 6(3) of this chapter must include the following:

- (1) An explanation of the reasons for the determination that**

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1 the creation or retention of employment described in section
 2 6(1) of this chapter has not occurred.
 3 (2) The date, time, and place of a hearing to be conducted:
 4 (A) by the official; and
 5 (B) not more than thirty (30) days after the date of the
 6 notice under section 6(3) of this chapter;
 7 to further consider the property owner's creation or retention
 8 of employment as described in section 6(1) of this chapter.
 9 Sec. 8. On the date specified in the notice described in section
 10 6(3) of this chapter, the official shall conduct a hearing for the
 11 purpose of further considering the property owner's creation or
 12 retention of employment as described in section 6(1) of this
 13 chapter. Based on the information presented at the hearing by the
 14 property owner and other interested parties, the official shall
 15 determine whether the property owner has made reasonable
 16 efforts to create or retain employment as described in section 6(1)
 17 of this chapter and whether any failure to create or retain
 18 employment was caused by factors beyond the control of the
 19 property owner. If the official determines that the property owner
 20 has not made reasonable efforts to create or retain employment,
 21 the official shall determine that the property owner's deduction
 22 under this chapter is terminated. If the official terminates the
 23 deduction, the deduction does not apply to:
 24 (1) the next installment of property taxes owed by the
 25 property owner; or
 26 (2) any subsequent installment of property taxes.
 27 Sec. 9. If an official terminates a deduction under section 8 of
 28 this chapter:
 29 (1) the official shall immediately mail a certified copy of the
 30 determination to:
 31 (A) the property owner; and
 32 (B) if the determination is made by the county assessor or
 33 the township assessor, the county auditor;
 34 (2) the county auditor shall:
 35 (A) remove the deduction from the tax duplicate; and
 36 (B) notify the county treasurer of the termination of the
 37 deduction; and
 38 (3) if the official's determination to terminate the deduction
 39 occurs after the county treasurer has mailed the statement
 40 required by IC 6-1.1-22-8, the county treasurer shall
 41 immediately mail the property owner a revised statement that
 42 reflects the termination of the deduction.

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1 **Sec. 10. A property owner whose deduction is terminated under**
2 **section 8 of this chapter may appeal the official's decision by filing**
3 **a complaint in the office of the clerk of the circuit or superior court**
4 **together with a bond conditioned to pay the costs of the appeal if**
5 **the appeal is determined against the property owner. The court**
6 **shall:**

- 7 (1) **hear an appeal under this section promptly without a jury;**
- 8 **and**
- 9 (2) **determine the appeal not later than thirty (30) days after**
10 **the date of the filing of the appeal.**

11 **The judgment of the court is final and conclusive unless an appeal**
12 **is taken as in other civil actions.**

13 **Sec. 11. If an appeal under section 10 of this chapter is pending,**
14 **the taxes resulting from the termination of the deduction are not**
15 **due until after the appeal is finally adjudicated and the termination**
16 **of the deduction is finally determined.**

17 **Sec. 12. If ownership of the real property or new personal**
18 **property changes, the deduction under this chapter continues to**
19 **apply to the real property or personal property, and the amount of**
20 **deduction is the product of:**

- 21 (1) **the percentage under section 2(c)(2)(B) or 3(c)(2)(B) of this**
22 **chapter that would have applied if the ownership of the**
23 **property had not changed; multiplied by**
- 24 (2) **the assessed value of the real property or personal**
25 **property for the year the new owner qualifies for the**
26 **deduction.**

27 **Sec. 13. The department of local government finance shall adopt**
28 **rules under IC 4-22-2 to implement this chapter.**

29 SECTION 23. IC 6-1.1-21-2 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 2. As used in this
31 chapter:

- 32 (a) "Taxpayer" means a person who is liable for taxes on property
33 assessed under this article.
- 34 (b) "Taxes" means property taxes payable in respect to property
35 assessed under this article. The term does not include special
36 assessments, penalties, or interest, but does include any special charges
37 which a county treasurer combines with all other taxes in the
38 preparation and delivery of the tax statements required under
39 IC 6-1.1-22-8(a).
- 40 (c) "Department" means the department of state revenue.
- 41 (d) "Auditor's abstract" means the annual report prepared by each
42 county auditor which under IC 6-1.1-22-5 is to be filed on or before

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- 1 March 1 of each year with the auditor of state.
- 2 (e) "Mobile home assessments" means the assessments of mobile
- 3 homes made under IC 6-1.1-7.
- 4 (f) "Postabstract adjustments" means adjustments in taxes made
- 5 subsequent to the filing of an auditor's abstract which change
- 6 assessments therein or add assessments of omitted property affecting
- 7 taxes for such assessment year.
- 8 (g) "Total county tax levy" means the sum of:
- 9 (1) the remainder of:
 - 10 (A) the aggregate levy of all taxes for all taxing units in a
 - 11 county which are to be paid in the county for a stated
 - 12 assessment year as reflected by the auditor's abstract for the
 - 13 assessment year; adjusted; however; for any postabstract
 - 14 adjustments which change the amount of the aggregate levy;
 - 15 minus
 - 16 (B) the sum of any increases in property tax levies of taxing
 - 17 units of the county that result from appeals described in:
 - 18 (i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after
 - 19 December 31, 1982; plus
 - 20 (ii) the sum of any increases in property tax levies of taxing
 - 21 units of the county that result from any other appeals
 - 22 described in IC 6-1.1-18.5-13 filed after December 31,
 - 23 1983; plus
 - 24 (iii) IC 6-1.1-18.6-3 (children in need of services and
 - 25 delinquent children who are wards of the county); minus
 - 26 (C) the total amount of property taxes imposed for the stated
 - 27 assessment year by the taxing units of the county under the
 - 28 authority of IC 12-1-11.5 (repealed); IC 12-2-4.5 (repealed);
 - 29 IC 12-19-5; or IC 12-20-24; minus
 - 30 (1) the total amount of:
 - 31 (A) controlled property taxes imposed in the county that
 - 32 does not exceed the sum of the controlled levy limits of
 - 33 each political subdivision in the county, as determined
 - 34 under IC 6-12;
 - 35 (B) that part of the total amount of property taxes to be
 - 36 paid during the stated assessment year that will be used to pay
 - 37 for interest or principal due on debt that:
 - 38 (i) is entered into after December 31, 1983; before January
 - 39 1, 1984;
 - 40 (ii) is not debt that is issued under IC 5-1-5 to refund debt
 - 41 incurred before January 1, 1984; and or
 - 42 (iii) does not constitute constitutes debt entered into for the

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1 purpose of building, repairing, or altering school buildings
 2 for which the requirements of IC 20-5-52 were satisfied
 3 prior to January 1, 1984; minus and
 4 (E) the amount of property taxes imposed in the county for the
 5 stated assessment year under the authority of IC 21-2-6
 6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
 7 cumulative building fund whose property tax rate was initially
 8 established or reestablished for a stated assessment year that
 9 succeeds the 1983 stated assessment year; minus
 10 (F) the remainder of:
 11 (i) (C) that part of the total property taxes imposed in the
 12 county for the stated assessment year a cumulative building
 13 fund established or reestablished under authority of
 14 IC 21-2-6 (repealed) or under any citation listed in
 15 IC 6-1.1-18.5-9.8 (before its repeal) for a cumulative
 16 building fund whose property tax rate was not initially
 17 established or reestablished for a stated assessment year that
 18 succeeds the 1983 stated assessment year; minus
 19 (ii) to the total extent of the amount of property taxes
 20 imposed in the county for the fund for the 1984 stated
 21 assessment year; under the authority of IC 21-2-6 (repealed)
 22 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative
 23 building fund whose property tax rate was not initially
 24 established or reestablished for a stated assessment year that
 25 succeeds the 1983 stated assessment year; minus
 26 (G) the amount of property taxes imposed in the county for the
 27 stated assessment year under:
 28 (i) IC 21-2-15 for a capital projects fund; plus
 29 (ii) IC 6-1.1-19-10 for a racial balance fund; plus
 30 (iii) IC 20-14-13 for a library capital projects fund; plus
 31 (iv) IC 20-5-17.5-3 for an art association fund; plus
 32 (v) IC 21-2-17 for a special education preschool fund; plus
 33 (vi) IC 21-2-11.6 for a referendum tax levy fund; plus
 34 (vii) an appeal filed under IC 6-1.1-19-5.1 for an increase in
 35 a school corporation's maximum permissible general fund
 36 levy for certain transfer tuition costs; plus
 37 (viii) an appeal filed under IC 6-1.1-19-5.4 for an increase
 38 in a school corporation's maximum permissible general fund
 39 levy for transportation operating costs; minus
 40 (H) the amount of property taxes imposed by a school
 41 corporation that is attributable to the passage, after 1983, of a
 42 referendum for an excessive tax levy under IC 6-1.1-19

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including any increases in these property taxes that are attributable to the adjustment set forth in 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(4) 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

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- 1 valorem property tax levies of the taxing units of the county were
- 2 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
- 3 assessment year; plus
- 4 (5) the difference between:
 - 5 (A) the amount determined in IC 6-1.1-18.5-3(c) STEP FOUR;
 - 6 minus
 - 7 (B) the amount the civil taxing units' levies were increased
 - 8 because of the reduction in the civil taxing units' base year
 - 9 certified shares under IC 6-1.1-18.5-3(c).
- 10 (h) "December settlement sheet" means the certificate of settlement
- 11 filed by the county auditor with the auditor of state, as required under
- 12 IC 6-1.1-27-3.
- 13 (i) "Tax duplicate" means the roll of property taxes which each
- 14 county auditor is required to prepare on or before March 1 of each year
- 15 under IC 6-1.1-22-3.
- 16 (j) "Eligible property tax replacement amount" is equal to the sum
- 17 of the following:
 - 18 (1) Sixty percent (60%) of the total county tax levy imposed by
 - 19 each school corporation in a county for its general fund for a
 - 20 stated assessment year.
 - 21 (2) Twenty percent (20%) of the total county tax levy (less sixty
 - 22 percent (60%) of the levy for the general fund of a school
 - 23 corporation that is part of the total county tax levy) imposed in a
 - 24 county on real property, ~~for a stated assessment year.~~ **other than**
 - 25 **real property that is corporate property in a county that is**
 - 26 **funding annual controlled tax increases for the year from**
 - 27 **county income taxes.**
 - 28 (3) Twenty percent (20%) of the total county tax levy (less sixty
 - 29 percent (60%) of the levy for the general fund of a school
 - 30 corporation that is part of the total county tax levy) imposed in a
 - 31 county on tangible personal property, excluding business personal
 - 32 property, for an assessment year.
 - 33 (4) **Eighteen percent (18%) of the total county tax levy (less**
 - 34 **sixty percent (60%) of the levy for the general fund of a school**
 - 35 **corporation that is part of the total county tax levy) imposed**
 - 36 **on real property that is corporate property in a county that is**
 - 37 **funding annual controlled tax increases for the year from**
 - 38 **county income taxes.**
- 39 (k) "Business personal property" means tangible personal property
- 40 (other than real property) that is being:
 - 41 (1) held for sale in the ordinary course of a trade or business; or
 - 42 (2) held, used, or consumed in connection with the production of

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- 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, **other than real property that is corporate property in a county that is funding annual controlled tax increases for the year from county income taxes.**
 - (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.
 - (4) **Eighteen percent (18%) 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 on real property that is corporate property in a county that is funding annual controlled tax increases for the year from county income taxes.**
- (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.
- (o) "Corporate property" means **tangible property in which one (1) or more corporations have at least a fifty-one percent (51%) direct or indirect ownership interest. For purposes of attributing indirect ownership by a corporation to tangible property:**
 - (1) the owners or beneficial owners through not more than six (6) levels of limited liability partnerships, partnerships, limited liability companies, or trusts that have a direct line of ownership with a limited liability partnership, partnership, limited liability company, or trust that owns tangible property shall be attributed to the tangible property; but
 - (2) the following interests shall not be considered:
 - (A) Ownership of publically traded shares in an entity.
 - (B) Ownership by a corporation that is exempt from

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income tax under Section 1363 of the Internal Revenue Code and that complies with the requirements of IC 6-3-4-13.

Indirect ownership shall be computed as determined under the rules adopted under IC 4-22-2 by the department of local government finance.

SECTION 24. IC 6-1.1-21-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5. (a) Each year the taxpayers of each county shall receive a credit for property tax replacement in the amount of each taxpayer's property tax replacement credit amount for taxes which:

- (1) under IC 6-1.1-22-9 are due and payable in May and November of that year; or
- (2) under IC 6-1.1-22-9.5 are due in installments established by the department of local government finance for that year.

The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the department of local government finance.

(b) The tax liability of a taxpayer for the purpose of computing the credit for a particular year shall be based upon the taxpayer's tax liability **for that part of the total county tax levy imposed on the property of the taxpayer** as is evidenced by the tax duplicate for the taxes payable in that year, ~~plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter;~~ adjusted, however, for any change in assessed valuation which may have been made pursuant to a postabstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). ~~However, except when using the term under section 2(f)(1) of this chapter, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), 2(g)(1)(J), or 2(g)(1)(K) of this chapter in computing the total county tax levy.~~

(c) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is equivalent to the taxpayer's property tax replacement credit amount for the taxes payable

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1 with respect to the assessments. ~~plus the adjustments stated in this~~
2 ~~section:~~

3 (d) Each taxpayer in a taxing district that contains all or part of an
4 economic development district that meets the requirements of section
5 5.5 of this chapter is entitled to an additional credit for property tax
6 replacement. This credit is equal to the product of:

- 7 (1) the STEP TWO quotient determined under section 4(a)(3) of
- 8 this chapter for the taxing district; multiplied by
- 9 (2) the taxpayer's taxes levied in the taxing district that are
- 10 allocated to a special fund under IC 6-1.1-39-5.

11 SECTION 25. IC 6-1.1-39-2 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) If the fiscal body
13 of a unit finds that:

14 (1) in order to promote opportunities for the gainful employment
15 of its citizens, the attraction of a new business enterprise to the
16 unit, the retention or expansion of a business enterprise existing
17 within the boundaries of the unit, or the preservation or
18 enhancement of the tax base of the unit, an area under the fiscal
19 body's jurisdiction should be declared an economic development
20 district;

21 (2) the public health and welfare of the unit will be benefited by
22 designating the area as an economic development district; and

23 (3) there has been proposed a qualified industrial development
24 project to be located in the economic development district, with
25 the proposal supported by:

- 26 (A) financial and economic data; and
- 27 (B) preliminary commitments by business enterprises,
- 28 associations, state or federal governmental units, or similar
- 29 entities that evidence a reasonable likelihood that the proposed
- 30 qualified industrial development project will be initiated and
- 31 accomplished;

32 the fiscal body may, before January 1, ~~2006~~, **2012**, adopt an ordinance
33 declaring the area to be an economic development district and
34 declaring that the public health and welfare of the unit will be benefited
35 by the designation.

36 (b) For the purpose of adopting an ordinance under subsection (a),
37 it is sufficient to describe the boundaries of the area by its location in
38 relation to public ways or streams or otherwise as determined by the
39 fiscal body.

40 SECTION 26. IC 6-1.1-45 IS ADDED TO THE INDIANA CODE
41 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
42 JANUARY 1, 2006]:

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Chapter 45. Enterprise Zone Investment Deduction

Sec. 1. The definitions in this chapter apply throughout this chapter.

Sec. 2. "Base year assessed value" equals the total assessed value of the real and personal property assessed at an enterprise zone location on the assessment date in the calendar year immediately preceding the calendar year in which a taxpayer makes a qualified investment with respect to the enterprise zone location.

Sec. 3. "Corporation" refers to the Indiana economic development corporation established under IC 5-28-3-1.

Sec. 4. "Enterprise zone" refers to an enterprise zone created under IC 5-28-15.

Sec. 5. "Enterprise zone location" means a lot, parcel, or tract of land located in an enterprise zone.

Sec. 6. "Enterprise zone property" refers to real and tangible personal property that is located within an enterprise zone on an assessment date.

Sec. 7. As used in this chapter, "qualified investment" means any of the following expenditures relating to an enterprise zone location on which a taxpayer's zone business is located:

- (1) The purchase of a building.**
- (2) The purchase of new manufacturing or production equipment.**
- (3) Costs associated with the repair, rehabilitation, or modernization of an existing building and related improvements.**
- (4) Onsite infrastructure improvements.**
- (5) The construction of a new building.**
- (6) Costs associated with retooling existing machinery.**

Sec. 8. "Zone business" has the meaning set forth in IC 5-28-15-3.

Sec. 9. (a) A taxpayer that makes a qualified investment is entitled to a deduction from the assessed value of the taxpayer's enterprise zone property located at the enterprise zone location for which the taxpayer made the qualified investment. The amount of the deduction is equal to the remainder of:

- (1) the total amount of the assessed value of the taxpayer's enterprise zone property assessed at the enterprise zone location on a particular assessment date; minus**
- (2) the total amount of the base year assessed value for the enterprise zone location.**

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1 (b) To receive the deduction allowed under subsection (a) for a
2 particular year, a taxpayer must comply with the conditions set
3 forth in this chapter.

4 Sec. 10. (a) A taxpayer that desires to claim the deduction
5 provided by section 9 of this chapter for a particular year shall file
6 a certified application, on forms prescribed by the department of
7 local government finance, with the auditor of the county where the
8 property for which the deduction is claimed was located on the
9 assessment date. The application may be filed in person or by mail.
10 If mailed, the mailing must be postmarked on or before the last day
11 for filing. The application must be filed before May 10 of the
12 assessment year to obtain the deduction.

13 (b) A taxpayer shall include on an application filed under this
14 section all information that the department of local government
15 finance and the corporation require to determine eligibility for the
16 deduction provided under this chapter.

17 Sec. 11. (a) The county auditor shall determine the eligibility of
18 each applicant under this chapter and shall notify the applicant of
19 the determination before August 15 of the year in which the
20 application is made.

21 (b) A person may appeal the determination of the county
22 auditor under subsection (a) by filing a complaint in the office of
23 the clerk of the circuit or superior court not later than forty-five
24 (45) days after the county auditor gives the person notice of the
25 determination.

26 Sec. 12. A taxpayer may not claim a deduction under this
27 chapter for more than ten (10) years.

28 SECTION 27. IC 6-2.3-1-3.5 IS ADDED TO THE INDIANA
29 CODE AS A NEW SECTION TO READ AS FOLLOWS
30 [EFFECTIVE JULY 1, 2005]: Sec. 3.5. "Gross consideration" refers
31 to anything of value, including cash or other tangible or intangible
32 property, that a taxpayer pays in consideration for the retail
33 purchase of utility services for consumption before deduction of
34 any costs incurred in providing the utility services.

35 SECTION 28. IC 6-2.3-3-11 IS ADDED TO THE INDIANA CODE
36 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
37 1, 2005]: Sec. 11. Subject to IC 6-2.3-2 and this chapter, gross
38 receipts derived from activities or businesses or any other sources
39 within Indiana includes furnishing utility services to an end user in
40 Indiana for consumption in Indiana, regardless of whether the:

- 41 (1) utility services are delivered through the pipelines,
42 transmission lines, or other property of another person;

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1 **(2) taxpayer providing the utility service is or is not a resident**
2 **or a domiciliary of Indiana; or**
3 **(3) transaction is subject to a deduction under IC 6-2.3-5-5.**
4 SECTION 29. IC 6-2.3-5.5 IS ADDED TO THE INDIANA CODE
5 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
6 JULY 1, 2005]:
7 **Chapter 5.5. Utility Services User Tax**
8 **Sec. 1. An excise tax, known as the utility services user tax, is**
9 **imposed on the retail consumption of utility services in Indiana**
10 **that are billed after June 30, 2005.**
11 **Sec. 2. The use tax is measured by the gross consideration on the**
12 **transaction.**
13 **Sec. 3. The utility services use tax is imposed at the same rate as**
14 **the utility receipts tax under IC 6-2.3-2-2.**
15 **Sec. 4. The retail consumption in Indiana is exempt from the**
16 **utility services use tax if the:**
17 **(1) transaction is subject to utility receipts tax (including a**
18 **public utility (as defined in IC 8-1-2-1) and the utility receipts**
19 **tax is paid on the gross receipts from the utility services;**
20 **(2) gross receipts from the transaction are not taxable under**
21 **IC 6-2.3-3 and the utility services are consumed for the**
22 **purposes for which the gross receipts were excluded from**
23 **taxation;**
24 **(3) utility services were acquired in a transaction that is**
25 **wholly or partially exempt from the utility receipts tax under**
26 **IC 6-2.3-4 and the utility services are consumed for the**
27 **purpose for which the utility services were exempted; or**
28 **(4) utility services were acquired in a transaction that is**
29 **wholly or partially subject to a deduction from the utility**
30 **receipts tax under IC 6-2.3-5-6 and the utility services are**
31 **consumed for the purpose for which the utility services**
32 **deduction was given.**
33 **Sec. 5. A person is entitled to a credit against the utility receipts**
34 **use tax imposed on the retail consumption of utility services equal**
35 **to the amount, if any, of utility receipts tax paid to another state.**
36 **Payment of a general sales tax, purchase tax, or use tax to another**
37 **state does not qualify for a credit under this section.**
38 **Sec. 6. The person who consumes utility services is personally**
39 **liable for the use tax.**
40 **Sec. 7. The department shall establish procedures for the**
41 **collection of the utility services use tax from users and providers,**
42 **including provider registration requirements, deposit and**

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1 reporting requirements, deposit dates, and reporting dates. Failure
2 to comply with the procedures is subject to the penalties in
3 IC 6-8.1.

4 Sec. 8. The person liable for the utility services use tax shall pay
5 the tax to the provider from whom the person acquired the utility
6 services, and the provider shall collect the tax as an agent for the
7 state, if the provider has departmental permission to collect the
8 tax. In all other cases, the person shall pay the use tax to the
9 department.

10 Sec. 9. The department may require any provider of utility
11 services to register under this chapter.

12 Sec. 10. When a provider collects the utility services use tax
13 from a person, the provider shall, upon request, issue a receipt to
14 that person for the utility receipts use tax collected.

15 Sec. 11. If:

16 (1) the department assesses the utility services use tax against
17 a person for the person's retail consumption of utility
18 services; and

19 (2) the person has already paid the utility services use tax in
20 relation to the utility services to a provider permitted to
21 collect the utility services use tax under section 8 of this
22 chapter, the person may avoid paying the utility services use
23 tax to the department if the person can produce a receipt or
24 other written evidence showing that the person paid the utility
25 services use tax to the provider.

26 Sec. 12. (a) An individual who:

27 (1) is an employee, officer, or member of a corporation,
28 partnership, or limited liability company; and

29 (2) has a duty to remit the utility services use tax imposed
30 under this chapter to the department by virtue of the
31 individual's responsibilities within the corporation,
32 partnership, or limited liability company;

33 holds those taxes in trust for the state and is personally liable for
34 the payment of those taxes, plus any penalties and interest
35 attributable to those taxes, to the state.

36 (b) If an individual described in subsection (a) knowingly fails
37 to collect or remit the specified taxes to the state, the individual
38 commits a Class D felony.

39 SECTION 30. IC 6-2.5-5-37 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 37. Transactions
41 involving ~~the following~~ tangible personal property are exempt from the
42 state gross retail tax, **if the tangible personal property:**

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- 1 (1) ~~Engines or chassis that are~~ is leased, owned, or operated by a
- 2 professional racing ~~teams-~~ team; and
- 3 (2) ~~All spare, replacement, and rebuilding parts or components for~~
- 4 ~~the engines and chassis described in subdivision (1); excluding~~
- 5 ~~tires and accessories.~~
- 6 (2) **comprises any part of a professional motor racing vehicle,**
- 7 **excluding tires and accessories.**

8 SECTION 31. IC 6-2.5-5-39 IS ADDED TO THE INDIANA CODE
 9 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 10 1, 2005]: **Sec. 39. (a) As used in this chapter, "research and**
 11 **development activities" does not include any of the following:**

- 12 (1) **Efficiency surveys.**
- 13 (2) **Management studies.**
- 14 (3) **Consumer surveys.**
- 15 (4) **Economic surveys.**
- 16 (5) **Advertising or promotions.**
- 17 (6) **Research in connection with literary, historical, or similar**
- 18 **projects.**
- 19 (7) **Testing for purposes of quality control.**

20 (b) **As used in this section, "research and development**
 21 **equipment" means tangible personal property that:**

- 22 (1) **consists of or is a combination of:**
- 23 (A) **laboratory equipment;**
- 24 (B) **computers;**
- 25 (C) **computer software;**
- 26 (D) **telecommunications equipment; or**
- 27 (E) **testing equipment;**
- 28 (2) **has not previously been used in Indiana for any purpose;**
- 29 **and**
- 30 (3) **is acquired by the purchaser for the purpose of research**
- 31 **and development activities devoted directly and exclusively to**
- 32 **experimental or laboratory research and development for:**
- 33 (A) **new products;**
- 34 (B) **new uses of existing products; or**
- 35 (C) **improving or testing existing products.**

36 (c) **A retail transaction:**

- 37 (1) **involving research and development equipment; and**
- 38 (2) **occurring after June 30, 2007;**

39 **is exempt from the state gross retail tax.**

40 SECTION 32. IC 6-2.5-6-16 IS ADDED TO THE INDIANA CODE
 41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 42 1, 2005]: **Sec. 16. (a) As used in this section, "research and**

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1 **development equipment" has the meaning set forth in**
2 **IC 6-2.5-5-39.**

3 **(b) A person is entitled to a refund equal to fifty percent (50%)**
4 **of the gross retail tax paid by the person under this article in a**
5 **retail transaction occurring after June 30, 2005, and before July 1,**
6 **2007, to acquire research and development equipment.**

7 **(c) To receive the refund provided by this section, a person must**
8 **claim the refund under IC 6-8.1-9 in the manner prescribed by the**
9 **department.**

10 SECTION 33. IC 6-3-4-4.1 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4.1. (a) This
12 section applies to taxable years beginning after December 31, 1993.

13 (b) Any individual required by the Internal Revenue Code to file
14 estimated tax returns and to make payments on account of such
15 estimated tax shall file estimated tax returns and make payments of the
16 tax imposed by this article to the department at the time or times and
17 in the installments as provided by Section 6654 of the Internal Revenue
18 Code. However, in applying Section 6654 of the Internal Revenue Code
19 for the purposes of this article, "estimated tax" means the amount
20 which the individual estimates as the amount of the adjusted gross
21 income tax imposed by this article for the taxable year, minus the
22 amount which the individual estimates as the sum of any credits against
23 the tax provided by IC 6-3-3.

24 (c) Every individual who has adjusted gross income subject to the
25 tax imposed by this article and from which tax is not withheld under
26 the requirements of section 8 of this chapter shall make a declaration
27 of estimated tax for the taxable year. However, no such declaration
28 shall be required if the estimated tax can reasonably be expected to be
29 less than four hundred dollars (\$400). In the case of an underpayment
30 of the estimated tax as provided in Section 6654 of the Internal
31 Revenue Code, there shall be added to the tax a penalty in an amount
32 prescribed by IC 6-8.1-10-2.1(b).

33 (d) Every corporation subject to the adjusted gross income tax
34 liability imposed by this article shall be required to report and pay an
35 estimated tax equal to twenty-five percent (25%) of such corporation's
36 estimated adjusted gross income tax liability for the taxable year. A
37 taxpayer who uses a taxable year that ends on December 31 shall file
38 the taxpayer's estimated adjusted gross income tax returns and pay the
39 tax to the department on or before April 20, June 20, September 20,
40 and December 20 of the taxable year. If a taxpayer uses a taxable year
41 that does not end on December 31, the due dates for filing estimated
42 adjusted gross income tax returns and paying the tax are on or before

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1 the twentieth day of the fourth, sixth, ninth, and twelfth months of the
2 taxpayer's taxable year. The department shall prescribe the manner and
3 forms for such reporting and payment.

4 (e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed
5 by the department on corporations failing to make payments as required
6 in subsection (d) or (g). However, no penalty shall be assessed as to
7 any estimated payments of adjusted gross income tax which equal or
8 exceed:

9 (1) twenty percent (20%) of the final tax liability for such taxable
10 year; or

11 (2) twenty-five percent (25%) of the final tax liability for the
12 taxpayer's previous taxable year.

13 In addition, the penalty as to any underpayment of tax on an estimated
14 return shall only be assessed on the difference between the actual
15 amount paid by the corporation on such estimated return and
16 twenty-five percent (25%) of the corporation's final adjusted gross
17 income tax liability for such taxable year.

18 (f) The provisions of subsection (d) requiring the reporting and
19 estimated payment of adjusted gross income tax shall be applicable
20 only to corporations having an adjusted gross income tax liability
21 which, after application of the credit allowed by IC 6-3-3-2 (repealed),
22 shall exceed one thousand dollars (\$1,000) for its taxable year.

23 (g) If the department determines that a corporation's:

24 (1) estimated quarterly adjusted gross income tax liability for the
25 current year; or

26 (2) average estimated quarterly adjusted gross income tax liability
27 for the preceding year;

28 exceeds, before January 1, 1998, twenty thousand dollars (\$20,000),
29 and, after December 31, 1997, ten thousand dollars (\$10,000), after the
30 credit allowed by IC 6-3-3-2 (repealed), the corporation shall pay the
31 estimated adjusted gross income taxes due by electronic funds transfer
32 (as defined in IC 4-8.1-2-7) or by delivering in person or overnight by
33 courier a payment by cashier's check, certified check, or money order
34 to the department. The transfer or payment shall be made on or before
35 the date the tax is due.

36 (h) **Subject to subsection (i)**, if a corporation's adjusted gross
37 income tax payment is made by electronic funds transfer, the
38 corporation is not required to file an estimated adjusted gross income
39 tax return.

40 (i) **The reports required by the department to administer the**
41 **county income tax under IC 6-11-11 shall be filed on the schedule**
42 **determined by the department.**

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1 SECTION 34. IC 6-3-4-8.1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 8.1. (a) Any entity
3 that is required to file a monthly return and make a monthly remittance
4 of taxes under sections 8, 12, 13, and 15 of this chapter shall file those
5 returns and make those remittances twenty (20) days (rather than thirty
6 (30) days) after the end of each month for which those returns and
7 remittances are filed, if that entity's average monthly remittance for the
8 immediately preceding calendar year exceeds one thousand dollars
9 (\$1,000).

10 (b) The department may require any entity to make the entity's
11 monthly remittance and file the entity's monthly return twenty (20) days
12 (rather than thirty (30) days) after the end of each month for which a
13 return and payment are made if the department estimates that the
14 entity's average monthly payment for the current calendar year will
15 exceed one thousand dollars (\$1,000).

16 (c) If a person files a combined sales and withholding tax report and
17 either this section or IC 6-2.5-6-1 requires the sales or withholding tax
18 report to be filed and remittances to be made within twenty (20) days
19 after the end of each month, then the person shall file the combined
20 report and remit the sales and withholding taxes due within twenty (20)
21 days after the end of each month.

22 (d) If the department determines that an entity's:
23 (1) estimated monthly withholding tax remittance for the current
24 year; or
25 (2) average monthly withholding tax remittance for the preceding
26 year;

27 exceeds ten thousand dollars (\$10,000), the entity shall remit the
28 monthly withholding taxes due by electronic fund transfer (as defined
29 in IC 4-8.1-2-7) or by delivering in person or by overnight courier a
30 payment by cashier's check, certified check, or money order to the
31 department. The transfer or payment shall be made on or before the
32 date the remittance is due.

33 (e) **Subject to subsection (f)**, if an entity's withholding tax
34 remittance is made by electronic fund transfer, the entity is not required
35 to file a monthly withholding tax return.

36 (f) **The reports required by the department to administer the**
37 **county income tax under IC 6-11-11 shall be filed on the schedule**
38 **determined by the department.**

39 SECTION 35. IC 6-3.1-4-1 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this
41 chapter:

42 "Base amount" means base amount (as defined in Section 41(c) of

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1 the Internal Revenue Code as in effect on January 1, 2001).

2 "Base period Indiana qualified research expense" means base period
3 research expense that is incurred for research conducted in Indiana:

4 "Base period research expense" means base period research expense
5 (as defined in Section 41(c) of the Internal Revenue Code before
6 January 1, 1990):

7 "Indiana qualified research expense" means qualified research
8 expense that is incurred for research conducted in Indiana.

9 "Qualified research expense" means qualified research expense (as
10 defined in Section 41(b) of the Internal Revenue Code as in effect on
11 January 1, 2001).

12 "Pass through entity" means:

- 13 (1) a corporation that is exempt from the adjusted gross income
14 tax under IC 6-3-2-2.8(2);
15 (2) a partnership;
16 (3) a limited liability company; or
17 (4) a limited liability partnership.

18 "Research expense tax credit" means a credit provided under this
19 chapter against any tax otherwise due and payable under IC 6-3.

20 "Taxpayer" means an individual, a corporation, a limited liability
21 company, a limited liability partnership, a trust, or a partnership that
22 has any tax liability under IC 6-3 (adjusted gross income tax).

23 SECTION 36. IC 6-3.1-4-2 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) A taxpayer who
25 incurs Indiana qualified research expense in a particular taxable year
26 is entitled to a research expense tax credit for the taxable year. ~~in~~

27 (b) For Indiana qualified research expense incurred before
28 January 1, 2008, the amount of the research expense tax credit is
29 equal to the product of ~~(1)~~ ten percent (10%) multiplied by ~~(2)~~ the
30 remainder of:

31 (1) the taxpayer's Indiana qualified research expenses for the
32 taxable year; minus

33 (A) the taxpayer's base period Indiana qualified research
34 expenses; for taxable years beginning before January 1, 1990;

35 or

36 ~~(B)~~ (2) the taxpayer's base amount. for taxable years beginning
37 after December 31, 1989.

38 (c) For Indiana qualified research expense incurred after
39 December 31, 2007, the amount of the research expense tax credit
40 is determined under STEP FOUR of the following formula:

41 STEP ONE: Subtract the taxpayer's base amount from the
42 taxpayer's Indiana qualified research expense for the taxable

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year.
STEP TWO: Multiply the lesser of:
 (A) one million dollars (\$1,000,000); or
 (B) the STEP ONE remainder;
by fifteen percent (15%).
STEP THREE: If the STEP ONE remainder exceeds one million dollars (\$1,000,000), multiply the amount of that excess by ten percent (10%).
STEP FOUR: Add the STEP TWO and STEP THREE products.

SECTION 37. IC 6-3.1-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3. (a) The amount of the credit provided by this chapter that a taxpayer uses during a particular taxable year may not exceed the sum of the taxes imposed by IC 6-3 for the taxable year after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter. If the credit provided by this chapter exceeds that sum for the taxable year for which the credit is first claimed, then the excess may be carried over to succeeding taxable years and used as a credit against the tax otherwise due and payable by the taxpayer under IC 6-3 during those taxable years. Each time that the credit is carried over to a succeeding taxable year, it is to be reduced by the amount which was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for ~~fifteen~~ **ten (10)** taxable years following the unused credit year.

(b) A credit earned by a taxpayer in a particular taxable year shall be applied against the taxpayer's tax liability for that taxable year before any credit carryover is applied against that liability under subsection (a).

(c) A taxpayer is not entitled to any carryback or refund of any unused credit.

SECTION 38. IC 6-3.1-4-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) If a pass through entity does not have state income tax liability against which the research expense tax credit may be applied, a shareholder, ~~or~~ partner, **or member** of the pass through entity is entitled to a research expense tax credit equal to:

- (1) the research expense 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, **or member** is entitled.

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1 (b) The credit provided under subsection (a) is in addition to a
2 research expense tax credit to which a shareholder, ~~or~~ partner, **or**
3 **member** of a pass through entity is otherwise entitled under this
4 chapter. However, a pass through entity and a shareholder, ~~or~~ partner,
5 **or member** of the pass through entity may not claim a credit under this
6 chapter for the same qualified research expenses.

7 SECTION 39. IC 6-3.1-7-7 IS ADDED TO THE INDIANA CODE
8 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
9 1, 2005]: **Sec. 7. The department shall annually compile and report**
10 **to the Indiana economic development corporation the following**
11 **information:**

12 (1) **The number of tax credits claimed under this chapter for**
13 **returns processed during the preceding state fiscal year.**

14 (2) **The total amount of the claims for tax credits described in**
15 **subdivision (1).**

16 (3) **For each enterprise zone, the number and amount of the**
17 **claims for tax credits described in subdivision (1) that are**
18 **attributable to loans made to businesses located in the**
19 **enterprise zone.**

20 SECTION 40. IC 6-3.1-10-10 IS ADDED TO THE INDIANA
21 CODE AS A NEW SECTION TO READ AS FOLLOWS
22 [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 10. (a) A**
23 **taxpayer may assign any part of the credit to which the taxpayer**
24 **is entitled under this chapter to another taxpayer if the following**
25 **conditions are met:**

26 (1) **The credit was awarded before January 1, 2005.**

27 (2) **The credit was awarded for the taxpayer's qualified**
28 **investment in a business located in a county having a**
29 **population of more than one hundred forty-eight thousand**
30 **(148,000) but less than one hundred seventy thousand**
31 **(170,000).**

32 (3) **The fiscal body of the county described in subdivision (2)**
33 **adopts an ordinance authorizing the use of county revenues to**
34 **reimburse the state for the state revenues foregone by the**
35 **application of the credit to the state tax liability of the**
36 **assignee.**

37 **An assignment under this subsection must be in writing. A credit**
38 **that is assigned under this subsection remains subject to this**
39 **chapter.**

40 (b) **An assignment under subsection (a) must be reported on the**
41 **state tax returns of the taxpayer and the assignee for the year in**
42 **which the assignment is made in the manner prescribed by the**

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1 department. The taxpayer may not receive value in connection
2 with the assignment under subsection (a) that exceeds the value of
3 the part of the credit assigned.

4 (c) A taxpayer that assigns a tax credit under this section shall
5 contribute at least fourteen percent (14%) of the proceeds of the
6 assignment to the urban enterprise association established for the
7 enterprise zone in which the taxpayer is located.

8 (d) After making the contribution required under subsection (c),
9 a taxpayer that assigns a tax credit under this section shall reinvest
10 the remaining proceeds of the assignment in the taxpayer's
11 enterprise zone operations.

12 SECTION 41. IC 6-3.1-20-7 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) The department
14 shall before July 1 of each year determine the amount of credits
15 allowed under this chapter for taxable years ending before January 1 of
16 the year.

17 (b) One-half (1/2) of the amount determined by the department
18 under subsection (a) shall be:

- 19 (1) deducted during the year from the riverboat admissions tax
- 20 revenue otherwise payable to the county under
- 21 ~~IC 4-33-12-6(d)(2)~~; **IC 4-33-12-6(b)(1)**; and
- 22 (2) paid instead to the state general fund.

23 (c) One-sixth (1/6) of the amount determined by the department
24 under subsection (a) shall be:

- 25 (1) deducted during the year from the riverboat admissions tax
- 26 revenue otherwise payable under ~~IC 4-33-12-6(d)(1)~~
- 27 **IC 4-33-12-6(b)(1)** to each of the following:
- 28 (A) The largest city by population located in the county.
- 29 (B) The second largest city by population located in the
- 30 county.
- 31 (C) The third largest city by population located in the county;
- 32 and
- 33 (2) paid instead to the state general fund.

34 SECTION 42. IC 6-3.1-24-3 IS AMENDED TO READ AS
35 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 3. As used in this
36 chapter, "qualified investment capital" means debt or equity capital that
37 is provided to a qualified Indiana business after December 31, 2003.

38 **However, the term does not include debt that:**
39 (1) is provided by a financial institution (as defined in
40 **IC 5-13-4-10)** after May 15, 2005; and
41 (2) is secured by a valid mortgage, security agreement, or
42 other agreement or document that establishes a collateral or

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1 **security position for the financial institution that is senior to**
2 **all collateral or security interests of other taxpayers that**
3 **provide debt or equity capital to the qualified Indiana**
4 **business.**

5 SECTION 43. IC 6-3.1-24-7 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:
7 Sec. 7. (a) The department of commerce shall certify that a business is
8 a qualified Indiana business if the department determines that the
9 business:

- 10 (1) has its headquarters in Indiana;
- 11 (2) is primarily focused on **professional motor vehicle racing,**
12 commercialization of research and development, technology
13 transfers, or the application of new technology, or is determined
14 by the department of commerce to have significant potential to:
15 (A) bring substantial capital into Indiana;
- 16 (B) create jobs;
- 17 (C) diversify the business base of Indiana; or
- 18 (D) significantly promote the purposes of this chapter in any
19 other way;
- 20 (3) has had average annual revenues of less than ten million
21 dollars (\$10,000,000) in the two (2) years preceding the year in
22 which the business received qualified investment capital from a
23 taxpayer claiming a credit under this chapter;
- 24 (4) has:
25 (A) at least fifty percent (50%) of its employees residing in
26 Indiana; or
27 (B) at least seventy-five percent (75%) of its assets located in
28 Indiana; and
- 29 (5) is not engaged in a business involving:
30 (A) real estate;
- 31 (B) real estate development;
- 32 (C) insurance;
- 33 (D) professional services provided by an accountant, a lawyer,
34 or a physician;
- 35 (E) retail sales, except when the primary purpose of the
36 business is the development or support of electronic commerce
37 using the Internet; or
- 38 (F) oil and gas exploration.

39 (b) A business shall apply to be certified as a qualified Indiana
40 business on a form prescribed by the department of commerce.

41 (c) If a business is certified as a qualified Indiana business under
42 this section, the department of commerce shall provide a copy of the

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1 certification to the investors in the qualified Indiana business for
2 inclusion in tax filings.

3 (d) The department of commerce may impose an application fee of
4 not more than two hundred dollars (\$200).

5 SECTION 44. IC 6-3.1-24-9 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:
7 Sec. 9. (a) The total amount of tax credits that may be allowed under
8 this chapter in a particular calendar year for qualified investment
9 capital provided during that calendar year may not exceed ~~ten twelve~~
10 million **five hundred thousand** dollars (~~\$10,000,000~~). (**\$12,500,000**).

11 The department of commerce may not certify a proposed investment
12 plan under section 12.5 of this chapter if the proposed investment
13 would result in the total amount of the tax credits certified for the
14 calendar year exceeding ~~ten twelve~~ million **five hundred thousand**
15 dollars (~~\$10,000,000~~). (**\$12,500,000**). An amount of an unused credit
16 carried over by a taxpayer from a previous calendar year may not be
17 considered in determining the amount of proposed investments that the
18 department of commerce may certify under this chapter.

19 (b) Notwithstanding the other provisions of this chapter, a taxpayer
20 is not entitled to a credit for providing qualified investment capital to
21 a qualified Indiana business after December 31, 2008. However, this
22 subsection may not be construed to prevent a taxpayer from carrying
23 over to a taxable year beginning after December 31, 2008, an unused
24 tax credit attributable to an investment occurring before January 1,
25 2009.

26 SECTION 45. IC 6-3.1-24-12 IS AMENDED TO READ AS
27 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 12. If the amount
28 of the credit determined under section 10 of this chapter for a taxpayer
29 in a taxable year exceeds the taxpayer's state tax liability for that
30 taxable year, the taxpayer may carry the excess **credit over for a**
31 **period not to exceed** the taxpayer's following **five (5)** taxable years.
32 The amount of the credit carryover from a taxable year shall be reduced
33 to the extent that the carryover is used by the taxpayer to obtain a credit
34 under this chapter for any subsequent taxable year. A taxpayer is not
35 entitled to a carryback or a refund of any unused credit amount.

36 SECTION 46. IC 6-3.1-24-12.5 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:
38 Sec. 12.5. (a) A taxpayer wishing to obtain a credit under this chapter
39 must apply to the department of commerce for a certification that the
40 taxpayer's proposed investment plan would qualify for a credit under
41 this chapter.

42 (b) The application required under subsection (a) must include:

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- 1 (1) the name and address of the taxpayer;
- 2 (2) the name and address of each proposed recipient of the
- 3 taxpayer's proposed investment;
- 4 (3) the amount of the proposed investment;
- 5 (4) a copy of the certification issued under section 7 of this
- 6 chapter that the proposed recipient is a qualified Indiana business;
- 7 and
- 8 (5) any other information required by the department of
- 9 commerce.
- 10 (c) If the department of commerce determines that:
- 11 (1) the proposed investment would qualify the taxpayer for a
- 12 credit under this chapter; and
- 13 (2) the amount of the proposed investment would not result in the
- 14 total amount of tax credits certified for the calendar year
- 15 exceeding ~~ten~~ **twelve million five hundred thousand** dollars
- 16 ~~(\$10,000,000);~~ **(\$12,500,000);**
- 17 the department of commerce shall certify the taxpayer's proposed
- 18 investment plan.
- 19 (d) To receive a credit under this chapter, the taxpayer must provide
- 20 qualified investment capital to a qualified Indiana business according
- 21 to the taxpayer's certified investment plan within two (2) years after the
- 22 date on which the department of commerce certifies the investment
- 23 plan.
- 24 (e) Upon making the investment required under subsection (d), the
- 25 taxpayer shall provide proof of the investment to the department of
- 26 commerce.
- 27 (f) Upon receiving proof of a taxpayer's investment under subsection
- 28 (e), the department of commerce shall issue the taxpayer a certificate
- 29 indicating that the taxpayer has fulfilled the requirements of the
- 30 department of commerce and that the taxpayer is entitled to a credit
- 31 under this chapter.
- 32 (g) A taxpayer forfeits the right to a tax credit attributable to an
- 33 investment certified under subsection (c) if the taxpayer fails to make
- 34 the proposed investment within the period required under subsection
- 35 (d).
- 36 SECTION 47. IC 6-3.1-26-5.5 IS ADDED TO THE INDIANA
- 37 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 38 [EFFECTIVE JANUARY 1, 2006]: **Sec. 5.5. As used in this chapter,**
- 39 **"motion picture or audio production" means a:**
- 40 **(1) feature length film;**
- 41 **(2) video;**
- 42 **(3) television series;**

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- 1 **(4) commercial;**
- 2 **(5) music video or an audio recording; or**
- 3 **(6) corporate production;**
- 4 **for any combination of theatrical, television, or other media**
- 5 **viewing or as a television pilot. The term does not include a motion**
- 6 **picture that is obscene (as described in IC 35-49-2-1) or television**
- 7 **coverage of news or athletic events.**

8 SECTION 48. IC 6-3.1-26-8, AS AMENDED BY P.L.4-2005,
 9 SECTION 103, IS AMENDED TO READ AS FOLLOWS
 10 [EFFECTIVE JANUARY 1, 2006]: Sec. 8. (a) As used in this chapter,
 11 "qualified investment" means the amount of the taxpayer's expenditures
 12 **in Indiana** for:

- 13 (1) the purchase of new telecommunications, production,
- 14 manufacturing, fabrication, assembly, extraction, mining,
- 15 processing, refining, or finishing equipment;
- 16 (2) the purchase of new computers and related equipment;
- 17 (3) costs associated with the modernization of existing
- 18 telecommunications, production, manufacturing, fabrication,
- 19 assembly, extraction, mining, processing, refining, or finishing
- 20 facilities;
- 21 (4) onsite infrastructure improvements;
- 22 (5) the construction of new telecommunications, production,
- 23 manufacturing, fabrication, assembly, extraction, mining,
- 24 processing, refining, or finishing facilities;
- 25 (6) costs associated with retooling existing machinery and
- 26 equipment; ~~and~~
- 27 (7) costs associated with the construction of special purpose
- 28 buildings and foundations for use in the computer, software,
- 29 biological sciences, or telecommunications industry; ~~and~~
- 30 **(8) costs associated with the purchase, before January 1, 2008,**
- 31 **of machinery, equipment, or special purpose buildings used to**
- 32 **make motion pictures or audio productions;**

33 that are certified by the corporation under this chapter as being eligible
 34 for the credit under this chapter.

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

37 SECTION 49. IC 6-3.1-26-14 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. ~~(a)~~ The total
 39 amount of a tax credit claimed **for a taxable year** under this chapter
 40 equals ~~thirty ten~~ percent ~~(30%)~~ **(10%)** of the amount of a qualified
 41 investment made by the taxpayer in Indiana **during that taxable year.**

42 ~~(b)~~ **In the taxable year in which a taxpayer makes a qualified**

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1 investment, the taxpayer may claim a credit under this chapter in an
2 amount equal to the lesser of:

- 3 (1) thirty percent (30%) of the amount of the qualified
- 4 investment; or
- 5 (2) the taxpayer's state tax liability growth.

6 The taxpayer may carry forward any unused credit.

7 SECTION 50. IC 6-3.1-26-15 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15. (a) A taxpayer may
9 carry forward an unused credit for not more than ~~nine (9)~~ **five (5)**
10 consecutive taxable years beginning with the taxable year after the
11 taxable year in which the taxpayer makes the qualified investment.

12 (b) The amount that a taxpayer may carry forward to a particular
13 taxable year under this section equals the ~~lesser of the following:~~

- 14 (1) ~~The taxpayer's state tax liability growth.~~
- 15 (2) ~~The unused part of a credit allowed under this chapter.~~

16 (c) A taxpayer may:

- 17 (1) claim a tax credit under this chapter for a qualified
- 18 investment; and
- 19 (2) carry forward a remainder for one (1) or more different
- 20 qualified investments;

21 in the same taxable year.

22 (d) The total amount of each tax credit claimed under this chapter
23 may not exceed ~~thirty ten~~ percent (~~30%~~) **(10%)** of the qualified
24 investment for which the tax credit is claimed.

25 SECTION 51. IC 6-3.1-26-18 IS AMENDED TO READ AS
26 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. After receipt of an
27 application, the ~~board corporation~~ may enter into an agreement with
28 the applicant for a credit under this chapter if the ~~board corporation~~
29 determines that all the following conditions exist:

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

33 (2) (1) The applicant's project will raise the total earnings of
34 employees of the applicant in Indiana.

35 (3) (2) The applicant's project is economically sound and will
36 benefit the people of Indiana by increasing opportunities for
37 employment and strengthening the economy of Indiana.

38 (4) (3) Receiving the tax credit is a major factor in the applicant's
39 decision to go forward with the project and not receiving the tax
40 credit will result in the applicant not raising the total earnings of
41 employees in Indiana.

42 (5) (4) Awarding the tax credit will result in an overall positive

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1 fiscal impact to the state, as certified by the budget agency using
 2 the best available data.
 3 ~~(5)~~ (5) The credit is not prohibited by section 19 of this chapter.
 4 ~~(6)~~ (6) The average wage that will be paid by the taxpayer to its
 5 employees (excluding highly compensated employees) at the
 6 location after the credit is given will be at least equal to one
 7 hundred fifty percent (150%) of the hourly minimum wage under
 8 IC 22-2-2-4 or its equivalent.
 9 SECTION 52. IC 6-6-9.5 IS ADDED TO THE INDIANA CODE
 10 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 11 JULY 1, 2005]:
 12 **Chapter 9.5. Vanderburgh County Supplemental Auto Rental**
 13 **Excise Tax**
 14 **Sec. 1. This chapter applies to Vanderburgh County.**
 15 **Sec. 2. As used in this chapter, "department" refers to the**
 16 **department of state revenue.**
 17 **Sec. 3. As used in this chapter, "gross retail income" has the**
 18 **meaning set forth in IC 6-2.5-1-5.**
 19 **Sec. 4. As used in this chapter, "passenger motor vehicle" has**
 20 **the meaning set forth in IC 9-13-2-123(a).**
 21 **Sec. 5. As used in this chapter, "person" has the meaning set**
 22 **forth in IC 6-2.5-1-3.**
 23 **Sec. 6. As used in this chapter, "retail merchant" has the**
 24 **meaning set forth in IC 6-2.5-1-8.**
 25 **Sec. 7. (a) The legislative body of the most populous city in the**
 26 **county may adopt an ordinance to impose an excise tax, known as**
 27 **the county supplemental auto rental excise tax, upon the rental of**
 28 **passenger motor vehicles in the county for periods of less than**
 29 **thirty (30) days. The ordinance must specify that the tax expires**
 30 **December 31, 2036.**
 31 **(b) The county supplemental auto rental excise tax that may be**
 32 **imposed on the rental of a passenger motor vehicle is two percent**
 33 **(2%) of the gross retail income received by the retail merchant for**
 34 **the rental.**
 35 **(c) If the city legislative body adopts an ordinance under**
 36 **subsection (a), the city legislative body shall immediately send a**
 37 **certified copy of the ordinance to the commissioner of the**
 38 **department.**
 39 **(d) If the city legislative body adopts an ordinance under**
 40 **subsection (a) before June 1 of a year, the county supplemental**
 41 **auto rental excise tax applies to auto rentals after June 30 of the**
 42 **year in which the ordinance is adopted. If the city legislative body**

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1 adopts an ordinance under subsection (a) on or after June 1 of a
2 year, the county supplemental auto rental excise tax applies to auto
3 rentals after the last day of the month in which the ordinance is
4 adopted.

5 Sec. 8. (a) The rental of a passenger motor vehicle by a funeral
6 director licensed under IC 25-15 is exempt from the county
7 supplemental auto rental excise tax if the rental is part of the
8 services provided by the funeral director for a funeral.

9 (b) The temporary rental of a passenger motor vehicle is exempt
10 from the county supplemental auto rental excise tax if the rental is:

- 11 (1) made or reimbursed under a contract or agreement:
 - 12 (A) between a provider and person;
 - 13 (B) given for consideration over and above the lease or
14 purchase price of a motor vehicle; and
 - 15 (C) that undertakes to perform or provide repair or
16 replacement service, or indemnification for that service,
17 for the operational or structural failure of a motor vehicle
18 due to a defect in materials or skill of work or normal wear
19 and tear;
- 20 (2) made or reimbursed under a contract for mechanical
21 breakdown insurance;
- 22 (3) made or reimbursed under a contract for automobile
23 collision insurance or automobile comprehensive insurance
24 that covers the temporary lease of a vehicle to the person after
25 the person's vehicle is damaged or destroyed in a collision; or
- 26 (4) otherwise provided to a person as a replacement vehicle:
 - 27 (A) while the person's vehicle is repaired or serviced due
28 to a defect in materials or skill of work, normal wear and
29 tear, or other damage; or
 - 30 (B) until the person permanently replaces a vehicle that
31 has been destroyed.

32 Sec. 9. A person that rents a passenger motor vehicle is liable for
33 the county supplemental auto rental excise tax. The person shall
34 pay the tax to the retail merchant as a separate amount added to
35 the consideration for the rental. The retail merchant shall collect
36 the tax as an agent for the state.

37 Sec. 10. (a) Except as otherwise provided in this section, the
38 county supplemental auto rental excise tax shall be imposed, paid,
39 and collected in the same manner that the state gross retail tax is
40 imposed, paid, and collected under IC 6-2.5.

41 (b) Each retail merchant filing a return for the county
42 supplemental auto rental excise tax shall indicate in the return:

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- 1 (1) all locations in the county where the retail merchant
- 2 collected county supplemental auto rental excise taxes; and
- 3 (2) the amount of county supplemental auto rental excise taxes
- 4 collected at each location.

5 (c) The return to be filed for the payment of the county
6 supplemental auto rental excise tax may be:

- 7 (1) a separate return;
- 8 (2) combined with the return filed for the payment of the auto
- 9 rental excise tax under IC 6-6-9; or
- 10 (3) combined with the return filed for the payment of the state
- 11 gross retail tax;

12 as prescribed by the department.

13 **Sec. 11. The amounts received from the tax imposed under this**
14 **chapter shall be paid monthly by the treasurer of state to the fiscal**
15 **officer of the most populous city in the county upon warrants**
16 **issued by the auditor of state.**

17 **Sec. 12. If a tax is imposed under section 7 of this chapter, the**
18 **fiscal officer of the most populous city in the county shall deposit**
19 **all amounts received under this chapter in the tourism capital**
20 **improvement fund established under IC 6-9-2.5-7.5 to be used only**
21 **for the purposes of the tourism capital improvement fund.**

22 **Sec. 13. This chapter expires January 1, 2036.**

23 SECTION 53. IC 6-6-9.7-7 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 7. (a) The city-county
25 council of a county that contains a consolidated city may adopt an
26 ordinance to impose an excise tax, known as the county supplemental
27 auto rental excise tax, upon the rental of passenger motor vehicles and
28 trucks in the county for periods of less than thirty (30) days. The
29 ordinance must specify that the tax expires December 31, 2027.

30 (b) **Except as provided in subsection (c),** the county supplemental
31 auto rental excise tax that may be imposed upon the rental of a
32 passenger motor vehicle or truck equals two percent (2%) of the gross
33 retail income received by the retail merchant for the rental.

34 (c) **On or before June 30, 2005, the city-county council may, by**
35 **ordinance adopted by a majority of the members elected to the**
36 **city-county council, increase the tax imposed under subsection (a)**
37 **from two percent (2%) to four percent (4%). The ordinance must**
38 **specify that the original two percent (2%) rate imposed under**
39 **subsection (a) continues to be levied after its original expiration**
40 **date set forth in subsection (a), and that both the original rate and**
41 **the additional rate in the aggregate of four percent (4%) expire on**
42 **December 31, 2040.**

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1 (d) The amount collected from that portion of county
 2 supplemental auto rental excise tax imposed under subsection (c)
 3 shall, in the manner provided by section 11 of this chapter, be
 4 distributed to the capital improvement board of managers
 5 operating in a consolidated city or its designee. So long as there are
 6 any current or future obligations owed by the capital improvement
 7 board of managers to the Indiana stadium and convention building
 8 authority created by IC 5-1-17 or any state agency pursuant to a
 9 lease or other agreement entered into between the capital
 10 improvement board of managers and the Indiana stadium and
 11 convention building authority or any state agency under
 12 IC 5-1-17-26, the capital improvement board of managers or its
 13 designee shall deposit the revenues received from that portion of
 14 the county supplemental auto rental excise tax imposed under
 15 subsection (c) in a special fund, which may be used only for the
 16 payment of the obligations described in this subsection.

17 ~~(e)~~ (e) If a city-county council adopts an ordinance under subsection
 18 (a) or (c), the city-county council shall immediately send a certified
 19 copy of the ordinance to the commissioner of the department of state
 20 revenue.

21 ~~(d)~~ (f) If a city-county council adopts an ordinance under subsection
 22 (a) or (c) prior to June 1, the county supplemental auto rental excise tax
 23 applies to auto rentals after June 30 of the year in which the ordinance
 24 is adopted. If the city-county council adopts an ordinance under
 25 subsection (a) or (c) on or after June 1, the county supplemental auto
 26 rental excise tax applies to auto rentals after the last day of the month
 27 in which the ordinance is adopted.

28 SECTION 54. IC 6-6-9.7-12 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 12. This chapter
 30 expires ~~January 1, 2028.~~ **December 31, 2040.**

31 SECTION 55. IC 6-7-1-12 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. (a) The following
 33 taxes are imposed and shall be collected and paid as provided in this
 34 chapter upon the sale, exchange, bartering, furnishing, giving away, or
 35 otherwise disposing of cigarettes within the state of Indiana:

- 36 (1) On cigarettes weighing not more than three (3) pounds per
 37 thousand (1,000), a tax at the rate of ~~two and seven hundred~~
 38 ~~seventy-five three and seven hundred twenty-five~~ thousandths
 39 of a cent ~~(\$0.02775)~~ **(\$0.03725)** per individual cigarette.
- 40 (2) On cigarettes weighing more than three (3) pounds per
 41 thousand (1,000), a tax at the rate of ~~three and six thousand eight~~
 42 ~~hundred eighty-one ten-thousandths~~ **four and nine hundred**

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1 **fifty-one thousandths** of a cent (~~\$0.036881~~) (**\$0.04951**) per
2 individual cigarette, except that if any cigarettes weighing more
3 than three (3) pounds per thousand (1,000) shall be more than six
4 and one-half (6 1/2) inches in length, they shall be taxable at the
5 rate provided in subdivision (1), counting each two and
6 three-fourths (2 3/4) inches (or fraction thereof) as a separate
7 cigarette.

8 (b) Upon all cigarette papers, wrappers, or tubes, made or prepared
9 for the purpose of making cigarettes, which are sold, exchanged,
10 bartered, given away, or otherwise disposed of within the state of
11 Indiana (other than to a manufacturer of cigarettes for use by ~~him~~ **the**
12 **manufacturer** in the manufacture of cigarettes), the following taxes
13 are imposed, and shall be collected and paid as provided in this
14 chapter:

- 15 (1) On fifty (50) papers or less, a tax of one-half cent (\$0.005).
- 16 (2) On more than fifty (50) papers but not more than one hundred
- 17 (100) papers, a tax of one cent (\$0.01).
- 18 (3) On more than one hundred (100) papers, one-half cent
- 19 (\$0.005) for each fifty (50) papers or fractional part thereof.
- 20 (4) On tubes, one cent (\$0.01) for each fifty (50) tubes or
- 21 fractional part thereof.

22 SECTION 56. IC 6-7-1-17 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. (a) Distributors
24 who hold certificates and retailers shall be agents of the state in the
25 collection of the taxes imposed by this chapter and the amount of the
26 tax levied, assessed, and imposed by this chapter on cigarettes sold,
27 exchanged, bartered, furnished, given away, or otherwise disposed of
28 by distributors or to retailers. Distributors who hold certificates shall
29 be agents of the department to affix the required stamps and shall be
30 entitled to purchase the stamps from the department at a discount of
31 ~~one and two-tenths~~ **nine tenths** percent (~~1.2%~~) (**0.9%**) of the amount
32 of the tax stamps purchased, as compensation for their labor and
33 expense.

34 (b) The department may permit distributors who hold certificates
35 and who are admitted to do business in Indiana to pay for revenue
36 stamps within thirty (30) days after the date of purchase. However, the
37 privilege is extended upon the express condition that:

- 38 (1) except as provided in subsection (c), a bond or letter of credit
- 39 satisfactory to the department, in an amount not less than the sales
- 40 price of the stamps, is filed with the department; and
- 41 (2) proof of payment is made of all local property, state income,
- 42 and excise taxes for which any such distributor may be liable. The

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1 bond or letter of credit, conditioned to secure payment for the
2 stamps, shall be executed by the distributor as principal and by a
3 corporation duly authorized to engage in business as a surety
4 company or financial institution in Indiana.

5 (c) If a distributor has at least five (5) consecutive years of good
6 credit standing with the state, the distributor shall not be required to
7 post a bond or letter of credit under subsection (b).

8 SECTION 57. IC 6-7-1-28.1 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 28.1. The taxes,
10 registration fees, fines, or penalties collected under this chapter shall
11 be deposited in the following manner:

12 (1) ~~Six and six-tenths percent (6.6%)~~ **Five and twelve**
13 **hundredths percent (5.12%)** of the money shall be deposited in
14 a fund to be known as the cigarette tax fund.

15 (2) ~~Ninety-four hundredths percent (0.94%)~~ **Seventy-three**
16 **hundredths percent (0.73%)** of the money shall be deposited in
17 a fund to be known as the mental health centers fund.

18 (3) ~~Eighty-three and ninety-seven hundredths percent (83.97%)~~
19 **Eighty-seven and fifty-six hundredths percent (87.56%)** of the
20 money shall be deposited in the state general fund.

21 (4) ~~Eight and forty-nine hundredths percent (8.49%)~~ **Six and**
22 **fifty-nine hundredths percent (6.59%)** of the money shall be
23 deposited into the pension relief fund established in IC 5-10.3-11.

24 The money in the cigarette tax fund, the mental health centers fund, or
25 the pension relief fund at the end of a fiscal year does not revert to the
26 state general fund. However, if in any fiscal year, the amount allocated
27 to a fund under subdivision (1) or (2) is less than the amount received
28 in fiscal year 1977, then that fund shall be credited with the difference
29 between the amount allocated and the amount received in fiscal year
30 1977, and the allocation for the fiscal year to the fund under
31 subdivision (3) shall be reduced by the amount of that difference.

32 SECTION 58. IC 6-8.1-1-1 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. "Listed taxes" or
34 "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through
35 IC 4-31-9-5); the river boat admissions tax (IC 4-33-12); the river boat
36 wagering tax (IC 4-33-13); the gross income tax (IC 6-2.1) (repealed);
37 the utility receipts **tax and utility services use taxes** (IC 6-2.3); the
38 state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax
39 (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the
40 county adjusted gross income tax (IC 6-3.5-1.1) (**repealed**); the county
41 option income tax (IC 6-3.5-6) (**repealed**); the county economic
42 development income tax (IC 6-3.5-7) (**repealed**); the municipal option

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1 income tax (IC 6-3.5-8) **(repealed)**; the auto rental excise tax
 2 (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax
 3 (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special
 4 fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor
 5 fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the
 6 motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax
 7 (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the
 8 cigarette tax (IC 6-7-1); **the county income tax (IC 6-11)**; the beer
 9 excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine
 10 excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the
 11 malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1);
 12 the various innkeeper's taxes (IC 6-9); the various ~~county~~ food and
 13 beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and
 14 IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and
 15 hazardous chemical inventory form fee (IC 6-6-10); the penalties
 16 assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and
 17 penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the
 18 underground storage tank fee (IC 13-23); the solid waste management
 19 fee (IC 13-20-22); and any other tax or fee that the department is
 20 required to collect or administer.

21 SECTION 59. IC 6-9-7-6 IS AMENDED TO READ AS FOLLOWS
 22 [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The county council may levy
 23 a tax on every person engaged in the business of renting or furnishing,
 24 for periods of less than thirty (30) days, any room or rooms, lodgings,
 25 or accommodations in any commercial hotel, motel, inn, university
 26 memorial union, university residence hall, tourist camp, or tourist cabin
 27 located in a county described in section 1 of this chapter. The county
 28 treasurer shall allocate and distribute the tax revenues as provided in
 29 ~~section~~ **sections 7 and 9** of this chapter.

30 (b) The tax may not exceed the rate of ~~five six percent (5%)~~ **(6%)**
 31 on the gross retail income derived from lodging income only and shall
 32 be in addition to the state gross retail tax imposed under IC 6-2.5.

33 (c) The tax does not apply to gross retail income received in a
 34 transaction in which:

- 35 (1) a student rents lodgings in a university residence hall while
 36 that student participates in a course of study for which the student
 37 receives college credit from a state university located in the
 38 county; or
- 39 (2) a person rents a room, lodging, or accommodations for a
 40 period of thirty (30) days or more.

41 (d) The county fiscal body may adopt an ordinance to require that
 42 the tax be reported on forms approved by the county treasurer and that

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1 the tax shall be paid monthly to the county treasurer. If such an
2 ordinance is adopted, the tax shall be paid to the county treasurer not
3 more than twenty (20) days after the end of the month the tax is
4 collected. If such an ordinance is not adopted, the tax shall be imposed,
5 paid, and collected in exactly the same manner as the state gross retail
6 tax is imposed, paid, and collected under IC 6-2.5.

7 (e) All of the provisions of IC 6-2.5 relating to rights, duties,
8 liabilities, procedures, penalties, definitions, exemptions, and
9 administration shall be applicable to the imposition and administration
10 of the tax imposed by this section, except to the extent those provisions
11 are in conflict or inconsistent with the specific provisions of this
12 chapter or the requirements of the county treasurer. If the tax is paid to
13 the department of state revenue, the return to be filed for the payment
14 of the tax under this section may be either a separate return or may be
15 combined with the return filed for the payment of the state gross retail
16 tax as the department of state revenue may, by rule, determine.

17 (f) If the tax is paid to the department of state revenue, the amounts
18 received from the tax imposed under this section shall be paid quarterly
19 by the treasurer of state to the county treasurer upon warrants issued by
20 the auditor of state.

21 SECTION 60. IC 6-9-7-7 IS AMENDED TO READ AS FOLLOWS
22 [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) The county treasurer shall
23 establish an innkeeper's tax fund. The treasurer shall deposit in that
24 fund all money received under section 6 of this chapter **that is**
25 **attributable to an innkeeper's tax rate that is not more than five**
26 **percent (5%)**.

27 (b) Money in the innkeeper's tax fund shall be expended in the
28 following order:

29 (1) Through July 1999, not more than the revenue needed to
30 service bonds issued under IC 36-10-3-40 through IC 36-10-3-45
31 and outstanding on January 1, 1993, may be used to service
32 bonds. The county auditor shall make a semiannual distribution,
33 at the same time property tax revenue is distributed, to a park and
34 recreation district that has issued bonds payable from a county
35 innkeeper's tax. Each semiannual distribution must be equal to
36 one-half (1/2) of the annual principal and interest obligations on
37 the bonds. Money received by a park and recreation district under
38 this subdivision shall be deposited in a special fund to be used to
39 service the bonds. During August 1999 the money that had been
40 set aside to cover bond payments that remains after the bonds
41 have been retired plus sixty percent (60%) of the tax revenue
42 during August 1999 through December 1999 shall be distributed

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to the county treasurer to be used by the county park board, subject to appropriation by the county fiscal body.

(2) To the commission for its general use in paying operating expenses and to carry out the purposes set forth in section 3(a)(6) of this chapter. However, the amount that may be distributed under this subdivision during any particular year may not exceed the proceeds derived from an innkeeper's tax of two percent (2%) through December 1999 and fifty percent (50%) of the tax revenue beginning January 2000 and continuing through December 2014.

(3) For the period beginning July 1, 2002, through December 2014, fifty percent (50%) of the revenue to the county treasurer to be credited by the treasurer to a special account. The county treasurer shall distribute money in the special account as follows:

(A) Seventy-five percent (75%) of the money in the special account shall be distributed to the department of natural resources for the development of projects in the state park on the county's largest river, including its tributaries.

(B) Twenty-five percent (25%) of the money in the special account shall be distributed to a community development corporation that serves a metropolitan area in the county that includes:

(i) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000); and

(ii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

for the community development corporation's use in tourism, recreation, and economic development activities. For the period beginning July 1, 2002, and continuing through December 2006, the community development corporation shall provide not less than forty percent (40%) of the money received from the special account under this clause as a grant to a nonprofit corporation that leases land in the state park described in this subdivision for the nonprofit corporation's use in noncapital projects in the state park.

Money in the special account may not be used for any other purpose. The money credited to the account that has not been used as specified in this subdivision by January 1, 2015, shall be transferred to the commission to be used to make grants as provided in subsection (c)(2).

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1 (c) Money in the innkeeper's tax fund subject to appropriation by the
2 county council shall be allocated and distributed after December 2014
3 as follows:

4 (1) Fifty percent (50%) of the revenue to the commission for the
5 commission's general use in paying operating expenses and to
6 carry out the purposes set forth in section 3(a)(6) of this chapter.

7 (2) The remainder to the commission to be used solely to make
8 grants for the development of recreation and tourism projects. The
9 commission shall establish and make public the criteria that will
10 be used in analyzing and awarding grants. At least ten percent
11 (10%) but not more than fifteen percent (15%) of the grants may
12 be awarded for noncapital projects. Grants may be made only to
13 the following entities upon application by the executive of the
14 entity:

15 (A) The county for deposit in a special account.

16 (B) The most populated city in the county for deposit in a
17 special account.

18 (C) The second most populated city in the county for deposit
19 in a special account.

20 (D) The Tippecanoe County Wabash River parkway
21 commission, but only so long as the interlocal agreement
22 among the political subdivisions listed in clauses (A) through

23 (C) is in effect. Money received by the parkway commission
24 shall be segregated in a special account.

25 (d) Money credited to special accounts under subsection (c)(2) shall
26 be used only for recreation or tourism projects, or both.

27 SECTION 61. IC 6-9-7-9 IS ADDED TO THE INDIANA CODE
28 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
29 1, 2005]: **Sec. 9. (a) If the county fiscal body adopts an ordinance to
30 increase the county's innkeeper's tax rate to a rate that exceeds five
31 percent (5%), the county treasurer shall establish a supplemental
32 innkeeper's tax fund. The treasurer shall deposit in the fund all
33 money received under section 6 of this chapter that is attributable
34 to an innkeeper's tax rate that exceeds five percent (5%).**

35 **(b) Money in the fund may be used for any purpose that in the
36 discretion of the county fiscal body promotes economic
37 development in the county, including reimbursing the state in an
38 amount equal to the amount of state revenue foregone by the
39 application of a tax credit assigned under IC 6-3.1-10-10.**

40 SECTION 62. IC 6-9-8-3 IS AMENDED TO READ AS FOLLOWS
41 [EFFECTIVE MAY 15, 2005]: **Sec. 3. (a) Except as provided in
42 subsection (b);** The tax imposed by section 2 of this chapter shall be at

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the rate of:

- (1) before January 1, 2028, five percent (5%) on the gross income derived from lodging income only, **plus an additional one percent (1%)** if the fiscal body ~~does not adopt~~ **adopts** an ordinance under subsection (b), ~~and six percent (6%)~~ **plus an additional three percent (3%)** if the fiscal body adopts an ordinance under subsection ~~(b); (d); and~~
- (2) after December 31, 2027, **and before January 1, 2041, five percent (5%) plus an additional three percent (3%)** if the **fiscal body adopts an ordinance under subsection (d); and**
- (3) **after December 31, 2040**, five percent (5%).

(b) In any year subsequent to the initial year in which a tax is imposed under section 2 of this chapter, the fiscal body may, by ordinance adopted by at least two-thirds (2/3) of the members elected to the fiscal body, increase the tax imposed by section 2 of this chapter from five percent (5%) to six percent (6%). The ordinance must specify that the increase in the tax authorized under this subsection expires January 1, 2028.

(c) The amount collected from an increase adopted under subsection (b) shall be transferred to the capital improvement board of managers established by IC 36-10-9-3. The board shall deposit the revenues received under this subsection in a special fund. Money in the special fund may be used only for the payment of obligations incurred to expand a convention center, including:

- (1) principal and interest on bonds issued to finance or refinance the expansion of a convention center; and
- (2) lease agreements entered into to expand a convention center.

(d) On or before June 30, 2005, the fiscal body may, by ordinance adopted by a majority of the members elected to the fiscal body, increase the tax imposed by section 2 of this chapter by an additional three percent (3%) to a total rate of eight percent (8%) (or nine percent (9%)) if the fiscal body has adopted an ordinance under subsection (b) and that rate remains in effect. The ordinance must specify that the increase in the tax authorized under this subsection expires December 31, 2040. If the fiscal body adopts an ordinance under this subsection, it shall immediately send a certified copy of the ordinance to the commissioner of the department of state revenue, and the increase in the tax imposed under this chapter applies to transactions that occur after June 30, 2005.

(e) The amount collected from an increase adopted under subsection (d) shall be transferred to the capital improvement

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1 board of managers established by IC 36-10-9-3 or its designee. So
 2 long as there are any current or future obligations owed by the
 3 capital improvement board of managers to the Indiana stadium
 4 and convention building authority created by IC 5-1-17 or any
 5 state agency pursuant to a lease or other agreement entered into
 6 between the capital improvement board of managers and the
 7 Indiana stadium and convention building authority or any state
 8 agency pursuant to IC 5-1-17-26, the capital improvement board
 9 of managers or its designee shall deposit the revenues received
 10 under this subsection in a special fund, which may be used only for
 11 the payment of the obligations described in this subsection.

12 SECTION 63. IC 6-9-12-5 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 5. (a) Subject to
 14 subsection (b), the county food and beverage tax imposed on a food or
 15 beverage transaction described in section 3 of this chapter equals one
 16 percent (1%) of the gross retail income received by the retail merchant
 17 from the transaction. The tax authorized under this subsection
 18 expires January 1, 2041.

19 (b) On or before June 30, 2005, the city-county council of a
 20 county may, by a majority vote of the members elected to the
 21 city-county council, adopt an ordinance that increases the tax
 22 imposed under this chapter by an additional rate of one percent
 23 (1%) to a total rate of two percent (2%). The ordinance must
 24 specify that the increase in the tax authorized under this subsection
 25 expires January 1, 2041. If a city-county council adopts an
 26 ordinance under this subsection, it shall immediately send a
 27 certified copy of the ordinance to the commissioner of the
 28 department of state revenue, and the increase in the tax imposed
 29 under this chapter applies to transactions that occur after June 30,
 30 2005.

31 (c) For purposes of this chapter, the gross retail income received by
 32 the retail merchant from such a transaction that is subject to the tax
 33 imposed by this chapter does not include the amount of tax imposed
 34 on the transaction under IC 6-2.5.

35 SECTION 64. IC 6-9-12-8 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 8. The amounts
 37 received from the county food and beverage tax shall be paid monthly
 38 by the treasurer of the state to the treasurer of the capital improvement
 39 board of managers of the county or its designee upon warrants issued
 40 by the auditor of state. So long as there are any current or future
 41 obligations owed by the capital improvement board of managers
 42 to the Indiana stadium and convention building authority created

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1 by IC 5-1-17 or any state agency pursuant to a lease or other
 2 agreement entered into between the capital improvement board of
 3 managers and the Indiana stadium and convention building
 4 authority or any state agency pursuant to IC 5-1-17-26, the capital
 5 improvement board of managers or its designee shall deposit the
 6 revenues received from that portion of the county food and
 7 beverage tax imposed under section 5(b) of this chapter in a special
 8 fund, which may be used only for the payment of the obligations
 9 described in this section.

10 SECTION 65. IC 6-9-13-1 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 1. (a) Except as
 12 provided in subsection (b), the city-county council of a county that
 13 contains a consolidated first class city may adopt an ordinance to
 14 impose an excise tax, known as the county admissions tax, for the
 15 privilege of attending, before January 1, ~~2028~~, **2041**, any event and,
 16 after December 31, ~~2027~~, **2040**, any professional sporting event:

17 (1) held in a facility financed in whole or in part by bonds or notes
 18 issued under IC 18-4-17 (before its repeal on September 1, 1981),
 19 IC 36-10-9, or IC 36-10-9.1; and

20 (2) to which tickets are offered for sale to the public by:

21 (A) the box office of the facility; or

22 (B) an authorized agent of the facility.

23 (b) The excise tax imposed under subsection (a) does not apply to
 24 the following:

25 (1) An event sponsored by an educational institution or an
 26 association representing an educational institution.

27 (2) An event sponsored by a religious organization.

28 (3) An event sponsored by an organization that is considered a
 29 charitable organization by the Internal Revenue Service for
 30 federal tax purposes.

31 (4) An event sponsored by a political organization.

32 (c) If a city-county council adopts an ordinance under subsection
 33 (a), it shall immediately send a certified copy of the ordinance to the
 34 commissioner of the department of state revenue.

35 (d) If a city-county council adopts an ordinance under subsection (a)
 36 **or section 2 of this chapter** prior to June 1, the county admissions tax
 37 applies to admission charges collected after June 30 of the year in
 38 which the ordinance is adopted. If the city-county council adopts an
 39 ordinance under subsection (a) **or section 2 of this chapter** on or after
 40 June 1, the county admissions tax applies to admission charges
 41 collected after the last day of the month in which the ordinance is
 42 adopted.

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1 SECTION 66. IC 6-9-13-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 2. (a) **Except as**
3 **provided in subsection (b)**, the county admissions tax equals five
4 percent (5%) of the price for admission to any event described in
5 section 1 of this chapter.

6 (b) **On or before June 30, 2005, the city-county council may, by**
7 **ordinance adopted by a majority of the members elected to the**
8 **city-county council, increase the county admissions tax from five**
9 **percent (5%) to six percent (6%) of the price for admission to any**
10 **event described in section 1 of this chapter, plus:**

11 (1) **three dollars (\$3) for each admission to a professional**
12 **sporting event described in section 1 of this chapter; and**

13 (2) **one dollar (\$1) for each admission to any other event**
14 **described in section 1 of this chapter.**

15 (c) **The amount collected from that portion of the county**
16 **admissions tax imposed under subsection (b) shall be distributed**
17 **to the capital improvement board of managers or its designee. So**
18 **long as there are any current or future obligations owed by the**
19 **capital improvement board of managers to the Indiana stadium**
20 **and convention building authority created by IC 5-1-17 or any**
21 **state agency pursuant to a lease or other agreement entered into**
22 **between the capital improvement board of managers and the**
23 **Indiana stadium and convention building authority or any state**
24 **agency pursuant to IC 5-1-17-26, the capital improvement board**
25 **of managers or its designee shall deposit the revenues received**
26 **from that portion of the county admissions tax imposed under**
27 **subsection (b) in a special fund, which may be used only for the**
28 **payment of the obligations described in this subsection.**

29 SECTION 67. IC 6-9-13-3 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 3. (a) **Subject to**
31 **subsection (c)**, each person who pays a price for admission to any
32 event described in section 1(a) of this chapter is liable for the tax
33 imposed under this chapter.

34 (b) **Subject to subsection (c)**, the person who collects the price for
35 admission shall also collect the county admissions tax imposed with
36 respect to the price for admission. The person shall collect the tax at
37 the same time the price for admission is paid, regardless of whether the
38 price paid is for a single admission, for season tickets, or for any other
39 admission arrangement. In addition, the person shall collect the tax as
40 an agent of the state and the county in which the facility described in
41 section 1 of this chapter is located.

42 (c) **A person who is liable for the tax imposed under section 1 of**

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1 this chapter is entitled to a credit against that part of the tax
2 liability due under section 2(b)(1) of this chapter if:

3 (1) the tax liability is with respect to attendance at a
4 professional sporting event described in section 1 of this
5 chapter;

6 (2) the event is conducted at a facility that was financed,
7 constructed, or acquired in the manner provided by
8 IC 5-1-17; and

9 (3) the professional sports team conducting the event has
10 contributed or agreed to make payments to the capital
11 improvement board of managers or its designee that are
12 sufficient, as determined by the Indiana stadium and
13 convention building authority, to replace all or part of the tax
14 liability due under section 2(b)(1) of this chapter that would
15 otherwise be required to enable the capital improvement
16 board of managers to meet any current or future obligations
17 owed to the Indiana stadium and convention building
18 authority created by IC 5-1-17 or any state agency pursuant
19 to a lease or other agreement entered into between the capital
20 improvement board of managers and the Indiana stadium and
21 convention building authority or any state agency pursuant to
22 IC 5-1-17-26.

23 (d) The budget agency shall:

24 (1) in consultation with the Indiana stadium and convention
25 building authority and the department of state revenue,
26 establish a method for computing the amount of the credit
27 described in subsection (c); and

28 (2) submit the method established under subdivision (1) to the
29 budget committee for its review and recommendation.

30 SECTION 68. IC 6-9-35 IS ADDED TO THE INDIANA CODE AS
31 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE MAY
32 15, 2005]:

33 **Chapter 35. Stadium and Convention Building Food and
34 Beverage Tax Funding**

35 **Sec. 1. This chapter applies to Boone, Johnson, Hamilton,
36 Hancock, Hendricks, Morgan, and Shelby counties (referred to as
37 counties in this chapter) and to the city or town of Avon, Carmel,
38 Fishers, Franklin, Greenfield, Greenwood, Lebanon, Martinsville,
39 Noblesville, and Westfield that are located in those counties
40 (referred to as political subdivisions in this chapter).**

41 **Sec. 2. The definitions in IC 6-9-12-1 and IC 36-1-2 apply
42 throughout this chapter.**

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1 **Sec. 3. As used in this chapter, "authority" refers to the Indiana**
2 **stadium and convention building authority created by IC 5-1-17.**
3 **Sec. 4. As used in this chapter, "capital improvement board"**
4 **means the capital improvement board of managers created by**
5 **IC 36-10-9-3.**
6 **Sec. 5. (a) Except as provided in subsection (d), the fiscal body**
7 **of a county may adopt an ordinance not later than July 31, 2005,**
8 **to impose an excise tax, known as the food and beverage tax, on**
9 **those transactions described in sections 8 and 9 of this chapter that**
10 **occur anywhere within the county.**
11 **(b) Except as provided in subsection (d), if the county in which**
12 **the political subdivision is located has adopted an ordinance**
13 **imposing an excise tax under subsection (a), the fiscal body of a**
14 **political subdivision may adopt an ordinance not later than**
15 **September 30, 2005, to impose an excise tax, known as the food and**
16 **beverage tax, on those transactions described in sections 8 and 9 of**
17 **this chapter that occur anywhere within the political subdivision.**
18 **(c) The rate of the tax imposed under this chapter equals one**
19 **percent (1%) of the gross retail income on the transaction. With**
20 **respect to an excise tax in the political subdivisions set forth in**
21 **IC 6-9-27-1(1) (Mooreville), IC 6-9-27-1(3) (Plainfield) and**
22 **IC 6-9-27-1(4) (Brownsburg), the excise tax imposed by the county**
23 **is in addition to the food and beverage tax imposed by those**
24 **political subdivisions. With respect to an excise tax imposed by a**
25 **county under subsection (a), the excise tax imposed by a political**
26 **subdivision under subsection (b) is in addition to the food and**
27 **beverage tax imposed by the county in which the political**
28 **subdivision is located. For purposes of this chapter, the gross retail**
29 **income received by the retail merchant from such a transaction**
30 **does not include the amount of tax imposed on the transaction**
31 **under IC 6-2.5, IC 6-9-27, or this chapter.**
32 **(d) If the Marion County city-county council does not adopt all**
33 **the ordinances required to be adopted by it under IC 5-1-17-25 on**
34 **or before June 30, 2005, the counties and political subdivisions**
35 **described in section 1 of this chapter are no longer subject to the**
36 **provisions of this chapter. In that event, the fiscal body of the**
37 **county or political subdivision may not adopt an ordinance to**
38 **impose the excise tax authorized by this chapter, and any**
39 **ordinance adopted by the fiscal body under subsection (a) or (b) is**
40 **no longer effective.**
41 **Sec. 6. If a fiscal body adopts an ordinance under section 5 of**
42 **this chapter, the clerk shall immediately send a certified copy of**

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1 the ordinance to the commissioner of the department of state
2 revenue.

3 Sec. 7. If a fiscal body adopts an ordinance under section 5 of
4 this chapter, the food and beverage tax applies to transactions that
5 occur after the last day of the month that succeeds the month in
6 which the ordinance was adopted.

7 Sec. 8. Except as provided in section 10 of this chapter, a tax
8 imposed under section 5 of this chapter applies to any transaction
9 in which food or beverage is furnished, prepared, or served:

- 10 (1) for consumption at a location, or on equipment, provided
- 11 by a retail merchant;
- 12 (2) in the county or political subdivision, or both, in which the
- 13 tax is imposed; and
- 14 (3) by a retail merchant for consideration.

15 Sec. 9. Transactions described in section 8(1) of this chapter
16 include transactions in which food or beverage is:

- 17 (1) served by a retail merchant off the merchant's premises;
- 18 (2) food sold in a heated state or heated by a retail merchant;
- 19 (3) two (2) or more food ingredients mixed or combined by a
- 20 retail merchant for sale as a single item (other than food that
- 21 is only cut, repackaged, or pasteurized by the seller, and eggs,
- 22 fish, meat, poultry, and foods containing these raw animal
- 23 foods requiring cooking by the consumer as recommended by
- 24 the federal Food and Drug Administration in chapter 3,
- 25 subpart 3-401.11 of its Food Code so as to prevent food borne
- 26 illnesses); or
- 27 (4) food sold with eating utensils provided by a retail
- 28 merchant, including plates, knives, forks, spoons, glasses,
- 29 cups, napkins, or straws (for purposes of this subdivision, a
- 30 plate does not include a container or packaging used to
- 31 transport the food).

32 Sec. 10. The food and beverage tax under this chapter does not
33 apply to the furnishing, preparing, or serving of any food or
34 beverage in a transaction that is exempt, or to the extent exempt,
35 from the state gross retail tax imposed by IC 6-2.5.

36 Sec. 11. The county fiscal body may adopt an ordinance
37 requiring that the tax imposed under this chapter be reported on
38 forms approved by the county treasurer and that the tax be paid
39 monthly to the county treasurer. If such an ordinance is adopted,
40 the tax shall be paid to the county treasurer not more than twenty
41 (20) days after the end of the month the tax is collected. If such an
42 ordinance is not adopted, the tax shall be imposed, paid, and

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1 collected in the same manner that the state gross retail tax is
2 imposed, paid, and collected under IC 6-2.5. However, the return
3 to be filed for the payment of the taxes may be made on separate
4 returns or may be combined with the return filed for the payment
5 of the state gross retail tax, as prescribed by the department of
6 state revenue.

7 Sec. 12. (a) As long as there are any current or future
8 obligations owed by the capital improvement board to the
9 authority or any state agency under a lease or other agreement
10 entered into between the capital improvement board and the
11 authority or any state agency pursuant to IC 5-1-17-26, fifty
12 percent (50%) of the amounts received from the taxes imposed
13 under this chapter by counties shall be paid monthly by the county
14 treasurer, if the tax is being paid to the county treasurer, to the
15 treasurer of state. This amount plus fifty percent (50%) of the
16 amounts received by the state from the taxes imposed under this
17 chapter by counties shall be paid monthly by the treasurer of state
18 to the treasurer of the capital improvement board or its designee
19 upon warrants issued by the auditor of state. The remainder that
20 is received by the state shall be paid monthly by the treasurer of
21 state to the county fiscal officer upon warrants issued by the
22 auditor of state. In any state fiscal year, if the aggregate amount of
23 the taxes imposed under this chapter by all the counties and paid
24 to the treasurer of the capital improvement board or its designee
25 under this subsection equals five million dollars (\$5,000,000), the
26 entire remainder of the taxes imposed by a county under this
27 chapter during that state fiscal year shall be retained by the county
28 treasurer or paid by the treasurer of state to the fiscal officer of the
29 county, upon warrants issued by the auditor of state.

30 (b) If there are then existing no obligations of the capital
31 improvement board described in subsection (a), the entire amount
32 received from the taxes imposed by a county under this chapter
33 shall be paid monthly by the treasurer of state to the county fiscal
34 officer upon warrants issued by the auditor of state.

35 (c) The entire amount of the taxes paid to the treasurer of the
36 capital improvement board or its designee under subsection (a)
37 shall be deposited in a special fund and used only for the payment
38 of obligations of the capital improvement board described in
39 subsection (a).

40 (d) The entire amount received from the taxes imposed by a
41 political subdivision under this chapter shall be paid monthly by
42 the treasurer of state to the political subdivision's fiscal officer

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upon warrants issued by the auditor of state.

Sec. 13. (a) If a tax is imposed under section 5 of this chapter, the county or political subdivision fiscal officer, or both, shall establish a food and beverage tax fund.

(b) The fiscal officer shall deposit in the fund all amounts received by the fiscal officer under this chapter.

(c) Any money earned from the investment of money in the fund becomes a part of the fund.

Sec. 14. Money in the food and beverage tax fund shall used by the county or political subdivision:

(1) to reduce the county's or political subdivision's property tax levy for a particular year at the discretion of the county or political subdivision, but this use does not reduce the maximum permissible levy under IC 6-1.1-18.5 for the county or political subdivision; or

(2) for any legal or corporate purpose of the county or political subdivision, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4.

Sec. 15. (a) If there are no obligations of the capital improvement board described in section 12(a) of this chapter then outstanding and there are no bonds, leases or other obligations then outstanding for which a pledge has been made under section 14 of this chapter, the fiscal body may adopt an ordinance, after December 31, 2009, and before December 1, 2010, or any year thereafter, that repeals the ordinance adopted under section 5 of this chapter.

(b) An ordinance adopted under subsection (a) takes effect January 1 immediately following the date of its adoption. If the fiscal body adopts such an ordinance, the clerk shall immediately send a certified copy of the ordinance to the commissioner of the department of state revenue.

(c) A tax imposed under this chapter terminates on January 1 of the year immediately following the year in which the last payment obligation of the capital improvement board is made with respect to any bond, lease, or other obligation described in section 12(a) of this chapter that existed on July 1, 2006.

Sec. 16. With respect to obligations of the capital improvement board described in section 12(a) of this chapter and bonds, leases, or other obligations for which a pledge has been made under section 14 of this chapter, the general assembly covenants with the holders of these obligations that:

(1) this chapter will not be repealed or amended in any

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1 manner that will adversely affect the imposition or collection
 2 of the tax imposed under this chapter; and
 3 (2) this chapter will not be amended in any manner that will
 4 change the purpose for which revenues from the tax imposed
 5 under this chapter may be used;
 6 as long as the payment of any of those obligations is outstanding.

7 SECTION 69. IC 6-11 IS ADDED TO THE INDIANA CODE AS
 8 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
 9 2005]:

10 **ARTICLE 11. COUNTY INCOME TAX**

11 **Chapter 1. Definitions**

12 **Sec. 1.** The definitions in this chapter, IC 6-1.1, and IC 36-1-2
 13 apply throughout this article.

14 **Sec. 2.** The definitions in this chapter, except sections 20 and 22
 15 of this chapter, apply throughout IC 6-1.1-21, IC 6-12, IC 6-13,
 16 IC 6-14, IC 6-15, and IC 36-1-8-5.1.

17 **Sec. 3.** "Adjusted gross income" has the meaning set forth in
 18 IC 6-3-1-3.5.

19 **Sec. 4.** "Annual controlled tax increase" refers to the maximum
 20 amount by which the controlled taxes imposed for a political
 21 subdivision in an ensuing year may exceed the amount of
 22 controlled taxes imposed for a political subdivision in the
 23 immediately preceding year, as determined under IC 6-11-7.

24 **Sec. 5.** "Certified" refers to the certification by the department
 25 of a budget, tax, or tax rate under IC 6-13.

26 **Sec. 6.** "Controlled" means that a tax or tax rate is subject to
 27 the limitations imposed under IC 6-12. The term applies only to the
 28 following taxes:

29 (1) Property taxes (other than property taxes that qualify as
 30 excluded taxes).

31 (2) County income taxes (other than county income taxes that
 32 qualify as excluded taxes).

33 **Sec. 7.** "Controlled levy limit" refers to the maximum amount
 34 of controlled property taxes that are eligible for a state distribution
 35 under IC 6-1.1-21 to replace revenue lost from the granting of
 36 homestead credits under IC 6-1.1-20.9 and property tax
 37 replacement credits under IC 6-1.1-21-5.

38 **Sec. 8.** "Controlled tax limit" refers to the maximum total
 39 combination of controlled property taxes and controlled income
 40 taxes that may be imposed in a county in a year for a political
 41 subdivision, as determined under IC 6-12.

42 **Sec. 9.** "Council" refers to the county income tax council

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established in a county under IC 6-11-3.

Sec. 10. "County's total allowable tax increase amounts" refers to the sum of the annual controlled tax increases allowed in a county for each year after 2005.

Sec. 11. "Department" refers to the department of local government finance.

Sec. 12. "Eligible civil taxing unit" refers to a political subdivision eligible for a distribution of excluded taxes imposed under IC 6-11-8.

Sec. 13. "Excluded taxes" refers to any part of a:

- (1) property tax levy or property tax rate; or
- (2) county income tax or county income tax rate;

that is not subject to the limitations imposed under IC 6-12.

Sec. 14. "Imposed" refers:

- (1) with respect to a property tax, the year in which the property tax is first due and payable (or would be first due and payable if the statement for the property taxes had been mailed before the date specified in IC 6-1.1-22-8); and
- (2) with respect to an income tax, the year in which the tax is imposed on adjusted gross income regardless of when the tax is due.

Sec. 15. "Out-of-state resident", as it relates to a particular county, means an individual who:

- (1) is not a resident of the county on the date specified in IC 6-11-4;
- (2) maintains the individual's principal place of business or employment in the county on the date specified in IC 6-11-4; and
- (3) is not a resident of another Indiana county on the date specified in IC 6-11-4.

Sec. 16. "Political subdivision's total allowable tax increase amount" refers to the sum of the annual controlled tax increases allowed in a county for a particular political subdivision for each year after 2005.

Sec. 17. "Property tax" refers to an ad valorem property tax.

Sec. 18. "Rainy day fund" refers to a political subdivision's rainy day fund established under IC 36-1-8-5.1.

Sec. 19. "Resident", as it relates to a particular county, means an individual who resides in the county on the date specified in IC 6-11-4.

Sec. 20. "Tax" refers to a county income tax.

Sec. 21. "Taxable property" means all tangible property that is

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1 subject to the tax imposed by IC 6-1.1 and is not exempt from the
2 tax under IC 6-1.1-10 or any other law.

3 Sec. 22. "Taxpayer" refers to an individual who has tax liability
4 in a county.

5 Chapter 2. Exempt Political Subdivisions

6 Sec. 1. This article does not apply to a political subdivision that
7 does not have the power to impose a property tax.

8 Sec. 2. A political subdivision that is exempted by this chapter
9 from the application of this article is not eligible for an allocation
10 of county income taxes. However, a political subdivision that is
11 eligible for an allocation of county income taxes may assign any
12 part of the political subdivision's allocation to an entity that is not
13 eligible for an allocation under this article.

14 Chapter 3. County Income Tax Council

15 Sec. 1. A council is established for each county in Indiana.

16 Sec. 2. The membership of each council consists of:

- 17 (1) the fiscal body of the county;
- 18 (2) the fiscal body of each city or town that lies either partially
19 or entirely in the county; and
- 20 (3) the fiscal body of each school corporation that lies
21 partially or entirely in the county.

22 Sec. 3. (a) Every council has a total of one hundred fifty (150)
23 votes. The county and each city and town that is located in any part
24 in the county is allocated a percentage of a total one hundred (100)
25 votes that may be cast. Each school corporation that is located in
26 any part in the county is allocated a percentage of a total of fifty
27 (50) votes that may be cast.

28 (b) Subject to subsection (d), the percentage of votes that a city
29 or town is allocated for a year equals the same percentage that the
30 population of the city or town bears to the population of the
31 county. In the case of a city or town that lies within more than one
32 (1) county, the county auditor of each county shall base the
33 allocations required by subsection (a) on the population of that
34 part of the city or town that lies within the county for which the
35 allocations are being made.

36 (c) Subject to subsection (d), the percentage that the county is
37 allocated for a year equals the same percentage that the population
38 of all areas in the county not located in a city or town bears to the
39 population of the county.

40 (d) In the case of Marion County, the county, the consolidated
41 city, all included towns (as described in IC 36-3-1-7), and the
42 remainder of the county that is not in an excluded city (as

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1 described in IC 36-3-1-7) shall be treated as one (1) political
2 subdivision whose fiscal body is the fiscal body of the consolidated
3 city.

4 (e) The percentage of votes that a school corporation is allocated
5 for a year equals the same percentage that the population of the
6 school corporation in the county has to the total population of the
7 county.

8 (f) On or before January 1 of each year (or in 2005, before July
9 2), the county auditor shall certify to each member of the council
10 the number of votes, rounded to the nearest one hundredth (0.01),
11 the council has for that year.

12 Sec. 4. A council takes an action by adopting an ordinance.

13 Sec. 5. Except as otherwise provide in this article, a council may
14 adopt an ordinance to amend or rescind a previously adopted
15 ordinance.

16 Sec. 6. A member of the council may exercise its votes on the
17 council for or against a proposed ordinance by:

- 18 (1) passing a resolution that contains the text of an ordinance
19 being proposed to the council; and
- 20 (2) transmitting the resolution to the county auditor of the
21 county.

22 Sec. 7. A resolution passed by a member of the council exercises
23 all of the votes of the member. Except as permitted by the
24 department, the votes on a resolution may not be changed during
25 the year.

26 Sec. 8. A resolution must be substantially in the following
27 general form:

28 "The (insert name of political subdivision's fiscal body) casts its
29 (insert number of political subdivision's votes) votes (for or
30 against) the proposed ordinance of the (insert name of the county)
31 County Income Tax Council, which reads as follows:

32 (Insert text of ordinance being proposed to members of the
33 council)".

34 Sec. 9. The text of a resolution and a proposed ordinances
35 contained in a resolution must be substantially in the form
36 prescribed by the department.

37 Sec. 10. A proposed ordinance adopting, increasing, or
38 decreasing a tax rate must state that the tax rate in the proposed
39 ordinance is subject to adjustment by the department before
40 November 1 of the year, as necessary, to correct any error in the
41 data or computations on which the estimated tax rate is based or
42 to reflect changes in the department's forecast of economic

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conditions that will affect the amount of taxes raised by the tax rate.

Sec. 11. Subject to this article, a council may adopt an ordinance to do any of the following:

- (1) Adopt, amend, or rescind an ordinance adopted under IC 6-11-7-10.**
- (2) Adopt a tax and set a tax rate for the county under IC 6-11-8 or IC 6-11-9.**
- (3) Increase or decrease a tax rate imposed in the county under IC 6-11-8 or IC 6-11-9.**
- (4) Rescind a tax imposed under IC 6-11-8 or IC 6-11-9 in the county.**
- (5) Adopt, amend, or rescind any other action authorized under this article.**

Sec. 12. An ordinance adopted by the council before September 16 initially applies to the ensuing year. Unless waived by the department for good cause, an ordinance adopted after September 15 in a year initially applies to the year following the year of adoption by two (2) years.

Sec. 13. Except as provided by this article, an ordinance adopted by a council remains in effect until the earlier of:

- (1) the date specified in the ordinance; or**
- (2) the date on which a subsequent ordinance amending or rescinding the ordinance is effective.**

Sec. 14. Any member of the council may present a proposed ordinance to the council for passage.

Sec. 15. (a) A member of the council may present an ordinance to the council for passage by:

- (1) providing:**
 - (A) in the case of a resolution for a proposed ordinance under IC 6-11-7-10, the county auditor and the fiscal officer of each member of the council; and**
 - (B) the public;****with notice of the date, time, and place that a public hearing will be held on a resolution proposing an ordinance to the council;**
- (3) conducting the public hearing; and**
- (4) after the hearing, passing the resolution proposing the ordinance.**

(b) The notice required by subsection (a) must be given in accordance with IC 5-3-1.

Sec. 16. (a) This section applies only to the hearing conducted

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for a proposed ordinance under IC 6-11-7-10.

(b) Notice must be given under:

(1) section 15(1)(A) of this chapter before August 2; and

(2) section 15(1)(B) of this chapter before August 7;

to be effective for the ensuing year.

(c) The hearing required under section 15 of this chapter must be conducted as part of the hearing required under IC 6-13-6.

Sec. 17. After passing a resolution proposing an ordinance, a member initiating the proposed ordinance shall distribute a copy of the proposed ordinance to the county auditor of the county and a certified tally of the member's vote on the proposed ordinance. The county auditor shall treat any proposed ordinance presented to the county auditor under this section as a casting of all that member's votes in favor of the proposed ordinance.

Sec. 18. The county auditor shall deliver copies of a proposed ordinance that is received from a member under section 17 of this chapter to all the other members of the council not later than ten (10) days after receiving the proposed ordinance.

Sec. 19. (a) Once a member receives a resolution containing a proposed ordinance from the county auditor, the member shall:

(1) provide the public with notice of the date, time, and place a public hearing will be held on the proposed ordinance;

(2) conduct the hearing, except for a resolution for a proposed ordinance under IC 6-11-7-10 if a hearing has been conducted as required in section 16 of this chapter; and

(3) vote on the proposed ordinance;

not later than thirty (30) days after receipt of the proposed ordinance.

(b) The notice required by subsection (a) must be given in accordance with IC 5-3-1.

Sec. 20. After voting on a resolution concerning a proposed ordinance received under section 17 of this chapter, a member voting on the proposed ordinance shall distribute a copy of the proposed ordinance and a certified tally of the member's vote on the proposed ordinance to the county auditor.

Sec. 21. The county auditor shall record all votes taken on ordinances presented to the members of the council for a vote.

Sec. 22. The county auditor shall treat the ordinance as adopted if the proposed ordinance receives at least seventy-six (76) votes from the members of the council.

Sec. 23. If the council adopts an ordinance, the county auditor shall immediately send a certified copy of the:

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1 (1) ordinance; and
2 (2) results of the vote on the ordinance;
3 to the department and the department of state revenue by certified
4 mail.

5 Sec. 24. Not later than ten (10) days after an ordinance is
6 adopted, the county auditor shall publish a notice of the action
7 under IC 5-3-1.

8 Chapter 4. Determination of Residency

9 Sec. 1. For purposes of this article, an individual shall be treated
10 as a resident of the county in which the individual:

- 11 (1) maintains a home, if the individual maintains only one (1)
- 12 home in Indiana;
- 13 (2) if subdivision (1) does not apply, is registered to vote;
- 14 (3) if subdivision (1) or (2) does not apply, registers the
- 15 individual's personal automobile; or
- 16 (4) if subdivision (1), (2), or (3) does not apply, spends the
- 17 majority of the individual's time spent in Indiana during the
- 18 taxable year in question.

19 Sec. 2. Subject to section 3 of this chapter, the residence or
20 principal place of business or employment of an individual is to be
21 determined on January 1 of the year in which the individual's
22 taxable year commences. If an individual changes the location of
23 the individual's residence or principal place of employment or
24 business to another county in Indiana during a year, the
25 individual's liability for the tax is not affected.

26 Sec. 3. If an individual becomes a resident for purposes of
27 IC 36-7-27 during a year because the individual:

- 28 (1) changes the location of the individual's residence to a
- 29 county in which the individual begins employment or business
- 30 at a qualified economic development tax project (as defined in
- 31 IC 36-7-27-9); or
- 32 (2) changes the location of the individual's principal place of
- 33 employment or business to a qualified economic development
- 34 tax project and does not reside in another county in which the
- 35 tax is in effect;

36 the individual's adjusted gross income attributable to employment
37 or business at the qualified economic development tax project is
38 taxable only by the county containing the qualified economic
39 development tax project.

40 Chapter 5. Exempt Taxpayers

41 Sec. 1. A council may pass an ordinance to enter into reciprocity
42 agreements with the taxing authority of a city, town, municipality,

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1 county, or other similar local governmental entity of any other
2 state. A reciprocity agreement must provide that the income of
3 Indiana residents is exempt from income taxation by the other
4 local governmental entity to the extent income of the out-of-state
5 residents who reside in the other local governmental entity is
6 exempt from the tax in the Indiana county entering into the
7 agreement.

8 Sec. 2. A reciprocity agreement adopted under this section may
9 not become effective until it is also made effective in the other local
10 governmental entity that is a party to the agreement.

11 Sec. 3. The form and effective date of any reciprocity agreement
12 described in this section must be approved by the department of
13 state revenue.

14 Chapter 6. Imposition of Tax

15 Sec. 1. A county income tax is imposed in each county.

16 Sec. 2. The tax is imposed on the adjusted gross income of:

- 17 (1) each resident of; and
- 18 (2) each out-of-state resident who maintains the individual's
19 principal place of business or employment in;
20 the county for which the council is established.

21 Sec. 3. The tax on an out-of-state resident may be imposed only
22 on the part of the out-of-state resident's adjusted gross income that
23 is derived from the individual's principal place of business or
24 employment.

25 Sec. 4. In the case of a resident of Perry County, the tax may not
26 be imposed on the part of the individual's adjusted gross income
27 that is:

- 28 (1) earned in a county that is:
 - 29 (A) located in another state; and
 - 30 (B) adjacent to the county in which the taxpayer resides;
31 and
- 32 (2) subject to an income tax imposed by a county, city, town,
33 or other local governmental entity in the other state.

34 Sec. 5. The tax rate imposed in a county is the sum of the
35 following:

- 36 (1) The tax rate imposed under IC 6-11-7.
- 37 (2) The tax rate imposed under IC 6-11-8.
- 38 (3) The tax rate imposed under IC 6-11-9.

39 Sec. 6. If for any taxable year a taxpayer is subject to different
40 tax rates for the tax imposed by a particular county, the taxpayer's
41 tax rate for the county and that taxable year is the rate determined
42 in STEP THREE of the following STEPS:

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1 **STEP ONE: Multiply the number of months in the taxpayer's**
2 **taxable year that precede July 1 by the rate in effect before**
3 **the rate change.**
4 **STEP TWO: Multiply the number of months in the taxpayer's**
5 **taxable year that follow June 30 by the rate in effect after the**
6 **rate change.**
7 **STEP THREE: Divide the sum of the amounts determined**
8 **under STEPS ONE and TWO by twelve (12).**
9 **Sec. 7. If the tax is not in effect during a taxpayer's entire**
10 **taxable year, the amount of tax that the taxpayer owes for that**
11 **taxable year equals the product of:**
12 **(1) the amount of tax the taxpayer would owe if the tax had**
13 **been imposed during the taxpayer's entire taxable year;**
14 **multiplied by**
15 **(2) a fraction. The numerator of the fraction equals the**
16 **number of days in the taxpayer's taxable year during which**
17 **the county option income tax was in effect. The denominator**
18 **of the fraction equals the total number of days in the**
19 **taxpayer's taxable year.**
20 **However, if the taxpayer files state income tax returns on a year**
21 **basis, the fraction to be applied under this section is one-half (1/2).**
22 **Chapter 7. Tax Rate to Fund Controlled Tax Increases**
23 **Sec. 1. Except as provided in section 10 of this chapter, in each**
24 **year, in addition to the part of the tax rate in effect in the county**
25 **under IC 6-11-8 or IC 6-11-9, or both, a tax is imposed in each**
26 **county at the rate necessary to raise the county's total allowable**
27 **tax increase amount.**
28 **Sec. 2. The department, with the assistance of the department of**
29 **state revenue and the budget agency, shall establish the rate**
30 **required under section 1 of this chapter based on the best available**
31 **economic forecast data available to the department before the later**
32 **of November 1 or the date set by the department.**
33 **Sec. 3. The total tax imposed under section 1 of this chapter**
34 **shall be treated as a controlled tax.**
35 **Sec. 4. For purposes of this chapter, a county's total allowable**
36 **tax increase amount under this chapter is equal to the sum of each**
37 **political subdivision's total allowable tax increase amounts allowed**
38 **in the county after 2005.**
39 **Sec. 5. For purposes of this chapter, a political subdivision's**
40 **total allowable tax increase amount under this chapter is equal to**
41 **the sum of the annual controlled tax increase amounts allowed in**
42 **the county for the political subdivisions in each year after 2005.**

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1 **Sec. 6. For purposes of this chapter, a political subdivision's**
2 **annual controlled tax increase in a county for any particular year**
3 **is the amount determined under STEP THREE of the following**
4 **formula:**

5 **STEP ONE: Subtract the political subdivision's controlled tax**
6 **limit in the county for the immediately preceding year from**
7 **the political subdivision's controlled tax limit in the county for**
8 **the ensuing year.**

9 **STEP TWO: Subtract the political subdivision's controlled**
10 **levy limit in the county for the immediately preceding year**
11 **from the political subdivision's controlled levy limit in the**
12 **county for the ensuing year.**

13 **STEP THREE: Subtract the STEP TWO amount from the**
14 **STEP ONE amount.**

15 **Sec. 7. Subject to section 8 of this chapter, a negative result for**
16 **a political subdivision under section 6 of this chapter reduces the**
17 **political subdivision's total allowable tax increase amount that may**
18 **be funded from taxes imposed under this chapter.**

19 **Sec. 8. A political subdivision's total allowable tax increase**
20 **amount under this chapter may not be less than zero (0).**

21 **Sec. 9. (a) This section applies to a school corporation.**

22 **(b) A separate annual controlled tax increase and total**
23 **allowable tax increase amount shall be computed for each of the**
24 **following:**

25 **(1) A school corporation's school general fund and charter**
26 **schools taxes imposed under IC 6-1.1-19-1.5.**

27 **(2) A school corporation's transportation fund taxes imposed**
28 **under IC 21-2-11.5-3.**

29 **(3) A school corporation's school bus replacement fund taxes**
30 **imposed under IC 21-2-11.5-3.**

31 **(c) None of the separate school corporation's total allowable tax**
32 **increase amounts under subsection (B) may be less than zero (0).**

33 **Sec. 10. Subject to section 11 of this chapter, instead of funding**
34 **all of a county's total allowable tax increase amount from county**
35 **income taxes, a council may adopt an ordinance to fund the annual**
36 **controlled tax increases attributable to one (1) or more years from**
37 **controlled property taxes. Adoption of the ordinance does not**
38 **increase the controlled levy limit of any political subdivision in the**
39 **county. Notice of the proposed ordinance must be given under**
40 **IC 6-11-3-15 before the date specified in IC 6-11-3-16. If an**
41 **ordinance adopted under this section applies to the annual**
42 **controlled tax increases attributable to a particular year the**

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1 ordinance must require that all of the annual controlled tax
 2 increases attributable to the particular year be funded by
 3 controlled property taxes.

4 Sec. 11. A council, either through an ordinance terminating a
 5 tax or an ordinance reducing the tax rate, may not decrease a tax
 6 imposed under this chapter below the tax rate necessary to
 7 continue the part of an allocation of taxes to a political subdivision
 8 that the political subdivision has pledged to pay or fund bonds,
 9 leases, or another obligation permitted by IC 5-1-14 or another
 10 law.

11 Sec. 12. Subject to IC 6-13-22-11 concerning the treatment of
 12 distributions to a county that qualify as excess revenue, the part of
 13 the tax imposed under this chapter is allocated among the political
 14 subdivisions in the county in proportion to the part of the county's
 15 total allowable tax increase amount that is:

16 (1) attributable to each political subdivision; and
 17 (2) funded by taxes under this article.

18 Any annual controlled tax increase that is not funded by taxes
 19 under this chapter as the result of the adoption of an ordinance
 20 under section 10 of this chapter may not be considered in
 21 determining a political subdivision's allocation of taxes under this
 22 section.

23 Sec. 13. Subject to any law limiting the use of a political
 24 subdivision's revenues, a political subdivision may use taxes
 25 allocated to a political subdivision under this chapter for any
 26 governmental or public purpose, including any purpose for which
 27 a county adjusted gross income tax, a county option income tax, or
 28 a county economic development tax could be used before 2006.

29 Sec. 14. The county auditor shall retain from taxes allocated to
 30 a political subdivision under this chapter an amount equal to any:

31 (1) reserve or settlement required under IC 6-11-13;
 32 (2) assignment authorized under IC 6-11-14; or
 33 (3) special allocation authorized under IC 6-11-15;

34 that is payable from taxes imposed under this chapter in the
 35 manner and under the schedule determined under IC 6-11-13.

36 Sec. 15. The remainder of an allocation of taxes imposed under
 37 this chapter shall be distributed to the political subdivisions in the
 38 county in the manner and under the schedule determined under
 39 IC 6-11-13.

40 Sec. 16. A political subdivision shall deposit the amount
 41 distributed to the political subdivision under this chapter among
 42 the funds of the political subdivision as provided in the political

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1 subdivision's budget for the year in which the tax being distributed
2 was imposed, including any amount budgeted for deposit in the
3 political subdivision's rainy day fund. Money deposited in a fund
4 under this section may be used for any purpose for which money
5 in the fund may be used or transferred to another fund as
6 authorized by law.

7 Sec. 17. The amount raised under this chapter and retained by
8 a county auditor as an assignment or a special allocation may be
9 used only for the purposes of the assignment or the special
10 allocation.

11 Sec. 18. Subject to IC 6-13-22-11 concerning excess revenue, an
12 amount retained in excess of the amount necessary for the
13 purposes of a reserve, a settlement, an assignment, or a special
14 allocation shall be distributed to the political subdivision from
15 which the amount was retained. The amount distributed under this
16 section does not reduce the controlled tax limit or allocation
17 amount for a political subdivision in any year.

18 Chapter 8. Optional Additional Income Tax

19 Sec. 1. In addition to a tax in effect in the county under
20 IC 6-11-7 or IC 6-11-9, or both, a council may adopt an additional
21 tax under this chapter for the county.

22 Sec. 2. The tax rate imposed for a tax under this chapter in a
23 county may not exceed the greater of the following:

- 24 (1) One percent (1%).
- 25 (2) The rate determined under sections 5 and 6 of this chapter,
26 if sections 5 and 6 of this chapter apply to the county.

27 Sec. 3. A tax imposed under section 1 of this chapter (including
28 a tax described in section 4 of this chapter) shall be treated as an
29 excluded tax.

30 Sec. 4. An ordinance adopted in a county before April 1, 2005,
31 that would have initially imposed any of the following in 2006 or
32 authorized the continuation of any of the following after 2005 if
33 IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed shall
34 be treated after 2005 as an ordinance adopted under section 1 of
35 this chapter:

- 36 (1) County adjusted gross income tax.
- 37 (2) County option income tax.
- 38 (3) County economic development tax.

39 Sec. 5. Subject to the reductions under section 6 of this chapter,
40 the tax rate imposed in 2006 under section 4 of this chapter is equal
41 to the combined:

- 42 (1) county adjusted gross income tax rate or county option

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1 income tax; and
 2 (2) county economic development rate;
 3 that the county would have imposed in 2006 (after deducting any
 4 part of the tax rate attributable to a law listed in IC 6-11-9-11) if
 5 IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed.

6 Sec. 6. Section 4 of this chapter does not prohibit a council from
 7 adopting an ordinance after June 30, 2005, to increase the tax rate
 8 determined under section 5 of this chapter as long as the total tax
 9 rate imposed under this chapter does not exceed the maximum rate
 10 specified in section 2 of this chapter.

11 Sec. 7. Taxes imposed under this chapter shall be allocated
 12 among the civil taxing units in the county based on the formulas
 13 described in the following:

OPTION	DESCRIPTION
Option 1	Section 18 of this chapter.
Option 2	Section 19 of this chapter.
Option 3	Section 20 of this chapter.
Option 4	Section 21 of this chapter.
Option 5	Section 22 of this chapter.

14 Sec. 8. The formulas to be applied in a county depends on the:
 15 (1) combination of county adjusted gross income taxes, county
 16 option income taxes, and county economic development taxes
 17 imposed in the county in 2005; and
 18 (2) elections adopted by the council after June 30, 2005.

19 Sec. 9. The department shall establish five (5) tax option ratios
 20 for each county.

21 Sec. 10. The sum of the ratios established under section 9 of this
 22 chapter must add to one (1).

23 Sec. 11. (a) This section applies to a county that would not have
 24 received a certified distribution of county adjusted gross income
 25 tax, county option income tax, or county economic development tax
 26 in 2006 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been
 27 repealed.

28 (b) The county's tax option ratios are as follows:

OPTION	RATIO
Option 1	1
Option 2	0
Option 3	0
Option 4	0
Option 5	0

29 (c) The eligible civil units are the following:

30 (1) Any political subdivision that has the power to impose a
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1 property tax, other than a school corporation or a county
2 solid waste management district (as defined in IC 13-11-2-47)
3 or a joint solid waste management district (as defined in
4 IC 13-11-2-113).

5 (2) A county solid waste management district (as defined in
6 IC 13-11-2-47) or a joint solid waste management district (as
7 defined in IC 13-11-2-113) if a majority of the members of
8 each of the county fiscal bodies of the counties within the
9 district passes a resolution approving an allocation of taxes
10 under this chapter.

11 (d) An eligible civil unit's allocation factor for a year is the
12 eligible civil taxing unit's controlled tax limit for a year.

13 (e) The tax imposed under this chapter shall be allocated under
14 Option 1 in section 18 of this chapter.

15 Sec. 12. (a) This section applies to a county that would have
16 received a certified distribution of county adjusted gross income
17 tax, county option income tax, or county economic development tax
18 in 2006 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been
19 repealed.

20 (b) Subject to section 10 of this chapter, the tax option ratios
21 that apply in the county are:

- 22 (1) the ratios adopted by the council by ordinance; or
- 23 (2) the ratios determined under sections 13 through 17 of this
24 chapter, if subdivision (1) does not apply.

25 Sec. 13. (a) The Option 1 ratio in a county is:

26 (1) if the county received a 2005 certified distribution of
27 county option income taxes that was distributed under
28 IC 6-3.5-6-18(e) and also received a 2005 certified distribution
29 of county economic development taxes, the quotient
30 determined by dividing:

31 (A) the county option income tax rate, excluding any part
32 of the rate attributable to a law listed in IC 6-11-9-11, that
33 would have been in effect in the county in 2006 and
34 distributed under IC 6-3.5-6-18(e) if IC 6-3.5-6 had not
35 been repealed; by

36 (B) the sum of the county adjusted gross income tax rate,
37 county option income tax rate, and county economic
38 income tax rate that would have been in effect in the
39 county in 2006, excluding any part of the rate attributable
40 to a law listed in IC 6-11-9-11, if IC 6-3.5-1.1, IC 6-3.5-6,
41 and IC 6-3.5-7 had not been repealed;

42 (2) if the county did not receive a 2005 certified distribution

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1 of county option income taxes that was distributed under
 2 IC 6-3.5-6-18(e), zero (0); and
 3 (3) if the county received a 2005 certified distribution of
 4 county option income taxes that was distributed under
 5 IC 6-3.5-6-18(e), and did not receive a 2005 certified
 6 distribution of county economic development taxes, one (1).

7 (b) The Option 1 eligible civil units are the following:

8 (1) Any political subdivision that has the power to impose a
 9 property tax, other than a school corporation or a county
 10 solid waste management district (as defined in IC 13-11-2-47)
 11 or a joint solid waste management district (as defined in
 12 IC 13-11-2-113).

13 (2) A county solid waste management district (as defined in
 14 IC 13-11-2-47) or a joint solid waste management district (as
 15 defined in IC 13-11-2-113) if a majority of the members of
 16 each of the county fiscal bodies of the counties within the
 17 district passes a resolution approving an allocation of taxes
 18 under this chapter.

19 A resolution passed under IC 6-3.5-6-1.3 (before its repeal) that
 20 would have applied to a distribution of county adjusted gross
 21 income taxes or county option income taxes in 2006 if IC 6-3.5-1.1
 22 and IC 6-3.5-6 had not been repealed shall be treated as a
 23 resolution adopted under section 2(2)(B) of this chapter.

24 (c) An Option 1 eligible civil unit's allocation factor for a year
 25 is the sum of the following:

26 (1) The eligible civil taxing unit's controlled tax limit for a
 27 year.

28 (2) For an eligible civil taxing unit in a county that received a
 29 certified distribution of county adjusted gross income taxes,
 30 county option income taxes, or county economic development
 31 income taxes in 2005, an amount equal to the property taxes
 32 imposed on taxable property by the county in 1999 for the
 33 county's welfare fund and welfare administration fund in the
 34 county.

35 (3) For an eligible civil taxing unit in a county that received a
 36 certified distribution of county adjusted gross income taxes,
 37 county option income taxes, or county economic development
 38 income taxes in 2005, an amount equal to the lesser of the:

39 (A) property tax levies imposed on taxable property in the
 40 county by the civil taxing unit to fund or pay bonded
 41 indebtedness, lease rentals, or other obligations permitted
 42 by IC 5-1-14 or another law that:

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- 1 (i) that are payable from a political subdivision's debt
- 2 service funds (as defined in IC 6-14-1-8); and
- 3 (ii) for which the political subdivision or its predecessor
- 4 initially levied a property tax before 2006;
- 5 including any refunding bonds to the extent that the term
- 6 does not exceed the term of the original obligation; or
- 7 (B) property taxes imposed to fund or pay the bonded
- 8 indebtedness, lease rentals, or other obligations described
- 9 in clause (A) in 2005.
- 10 (4) For an eligible civil taxing unit in a county that received a
- 11 certified distribution of county adjusted gross income taxes,
- 12 county option income taxes, or county economic development
- 13 income taxes in 2005, an amount equal to the lesser of the
- 14 fixed rate levies (as defined in IC 6-15-1-3) imposed on taxable
- 15 property by the civil taxing unit in the county in:
- 16 (A) the year of distribution; or
- 17 (B) 2005.
- 18 **Sec. 14. (a) The Option 2 ratio in a county is equal to:**
- 19 (1) if the county received a 2005 certified distribution of
- 20 county option income taxes that was distributed under
- 21 IC 6-3.5-6-18.5 (repealed), one (1); or
- 22 (2) if the county did not receive a 2005 certified distribution
- 23 of county option income taxes that was distributed under
- 24 IC 6-3.5-6-18.5 (repealed), zero (0).
- 25 (b) The Option 2 eligible civil units are any entity that would
- 26 have been eligible to receive a distribution under IC 6-3.5-6-18.5 if
- 27 IC 6-3.5-6 had not been repealed.
- 28 (c) An Option 2 eligible civil unit's allocation factor for a year
- 29 is the sum of the following:
- 30 (1) The eligible civil taxing unit's controlled tax limit for a
- 31 year.
- 32 (2) For an eligible civil taxing unit in a county that received a
- 33 certified distribution of county economic development income
- 34 taxes in 2005, an amount equal to the property taxes imposed
- 35 on taxable property by the county in 1999 for the county's
- 36 welfare fund and welfare administration fund in the county.
- 37 **Sec. 15. (a) The Option 3 ratio in a county is equal to:**
- 38 (1) if the county received a 2005 certified distribution of
- 39 county adjusted gross income taxes and also received a 2005
- 40 certified distribution of county economic development taxes,
- 41 the quotient determined by dividing:
- 42 (A) the county adjusted gross income tax rate, excluding

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1 any part of the rate attributable to a law listed in
 2 IC 6-11-9-11, that would have been in effect in the county
 3 in 2006 and distributed under IC 6-3.5-1.1-15 if
 4 IC 6-3.5-1.1 had not been repealed; by
 5 (B) the sum of the county adjusted gross income tax rate,
 6 county option income tax rate, and county economic
 7 income tax rate that would have been in effect in the
 8 county in 2006, excluding any part of the rate attributable
 9 to a law listed in IC 6-11-9-11, if IC 6-3.5-1.1, IC 6-3.5-6,
 10 and IC 6-3.5-7 had not been repealed;
 11 (2) if the county did not receive a 2005 certified distribution
 12 of county adjusted gross income taxes, zero (0); or
 13 (3) if the county received a 2005 certified distribution of
 14 county adjusted gross income taxes but did not receive a 2005
 15 certified distribution of county economic income taxes, one
 16 (1).
 17 (b) The Option 3 eligible civil units are the following:
 18 (1) Any political subdivision that has the power to impose a
 19 property tax, other than a school corporation or a county
 20 solid waste management district (as defined in IC 13-11-2-47)
 21 or a joint solid waste management district (as defined in
 22 IC 13-11-2-113).
 23 (2) A county solid waste management district (as defined in
 24 IC 13-11-2-47) or a joint solid waste management district (as
 25 defined in IC 13-11-2-113) if a majority of the members of
 26 each of the county fiscal bodies of the counties within the
 27 district passes a resolution approving an allocation of taxes
 28 under this chapter.
 29 A resolution passed under IC 6-3.5-1.1-1.3 (before its repeal) that
 30 would have applied to a distribution of county adjusted gross
 31 income taxes or county option income taxes in 2006 if IC 6-3.5-1.1
 32 and IC 6-3.5-6 had not been repealed shall be treated as a
 33 resolution adopted under section 2(2)(B) of this chapter.
 34 (c) An Option 3 eligible civil unit's allocation factor for a year
 35 is the sum of the following:
 36 (1) The eligible civil taxing unit's controlled tax limit for a
 37 year.
 38 (2) The controlled tax limit for a year of any special taxing
 39 district, authority, board, or other entity formed to discharge
 40 governmental services or functions on behalf of or ordinarily
 41 attributable to the eligible civil taxing unit.
 42 (3) The amount of federal revenue sharing funds and certified

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shares that were used by the eligible civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the eligible civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5 (repealed) in 2005.

(4) For a county that received a certified distribution of county adjusted gross income taxes, county option income taxes, or county economic development income taxes in 2005, an amount equal to the property taxes imposed on taxable property by the county in 1999 for the county's welfare fund and welfare administration fund in the county.

Sec. 16. (a) The Option 4 ratio in a county is equal to:

(1) if the county also received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(b) and also received a 2005 certified distribution of county adjusted gross income taxes or county option income taxes, the quotient determined by dividing:

(A) the county economic development income tax rate, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, that would have been in effect in the county in 2006 and distributed under IC 6-3.5-7-12(b) if IC 6-3.5-7 had not been repealed; by

(B) the sum of the county adjusted gross income tax rate, county option income tax rate, and county economic income tax rate that would have been in effect in the county in 2006, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed;

(2) if the county did not receive a 2005 certified distribution of county economic development income taxes, zero (0);

(3) if the county received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(c), zero (0); or

(4) if the county received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(b) but did not receive a 2005 certified distribution of county adjusted gross income tax or county option income tax, one (1).

(b) The Option 4 eligible civil units are the following:

(1) The county.

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- 1 **(2) Each city and town in the county.**
- 2 **(c) An Option 4 eligible civil unit's allocation factor for a year**
- 3 **is the sum of the following:**
- 4 **(1) The eligible civil taxing unit's controlled tax limit for a**
- 5 **year.**
- 6 **(2) For an eligible civil taxing unit in a county that received a**
- 7 **certified distribution of county adjusted gross income taxes,**
- 8 **county option income taxes, or county economic development**
- 9 **income taxes in 2005, an amount equal to the property taxes**
- 10 **imposed on taxable property by the county in 1999 for the**
- 11 **county's welfare fund and welfare administration fund in the**
- 12 **county.**
- 13 **(3) For an eligible civil taxing unit in a county that received a**
- 14 **certified distribution of county adjusted gross income taxes,**
- 15 **county option income taxes, or county economic development**
- 16 **income taxes in 2005, an amount equal to the lesser of the:**
- 17 **(A) property tax levies imposed on taxable property in the**
- 18 **county by the civil taxing unit to fund or pay bonded**
- 19 **indebtedness, lease rentals, or other obligations permitted**
- 20 **by IC 5-1-14 or another law that:**
- 21 **(i) that are payable from a political subdivision's debt**
- 22 **service funds (as defined in IC 6-14-1-8); and**
- 23 **(ii) for which the political subdivision or its predecessor**
- 24 **initially levied a property tax before 2006;**
- 25 **including any refunding bonds to the extent that the term**
- 26 **does not exceed the term of the original obligation; or**
- 27 **(B) property taxes imposed to fund or pay the bonded**
- 28 **indebtedness, lease rentals, or other obligations described**
- 29 **in clause (A) in 2005.**
- 30 **(4) For an eligible civil taxing unit in a county that received a**
- 31 **certified distribution of county adjusted gross income taxes,**
- 32 **county option income taxes, or county economic development**
- 33 **income taxes in 2005, an amount equal to the lesser of the**
- 34 **fixed rate levies (as defined in IC 6-15-1-3) imposed on taxable**
- 35 **property by the civil taxing unit in the county in:**
- 36 **(A) the year of distribution; or**
- 37 **(B) 2005.**
- 38 **Sec. 17. (a) The Option 5 ratio in a county is equal to:**
- 39 **(1) if the county received a 2005 certified distribution of**
- 40 **county economic development income taxes that was**
- 41 **distributed under IC 6-3.5-7-12(c) and also received a 2005**
- 42 **certified distribution of county adjusted gross income taxes or**

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county option income taxes, the quotient determined by dividing:

(A) the county economic development income tax rate, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, that would have been in effect in the county in 2006 and distributed under IC 6-3.5-7-12(c) if IC 6-3.5-7 had not been repealed; by

(B) the sum of the county adjusted gross income tax rate, county option income tax rate, and county economic income tax rate that would have been in effect in the county in 2006, excluding any part of the rate attributable to a law listed in IC 6-11-9-11, if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed;

(2) if the county did not receive a 2005 certified distribution of county economic development income taxes, zero (0);

(3) if the county received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(b), zero (0); or

(4) if the county received a 2005 certified distribution of county economic development income taxes that was distributed under IC 6-3.5-7-12(c) but did not receive a 2005 certified distribution of county adjusted gross income tax or county option income tax, one (1).

(b) The Option 5 eligible civil units are the following:

(1) The county.

(2) Each city and town in the county.

(c) An Option 5 eligible civil unit's allocation factor for a year is the eligible civil unit's population. For the purpose of applying this subsection to a county, only the population of the county in an unincorporated area shall be attributed to the county.

Sec. 18. The amount allocated to an eligible civil taxing unit under Option 1 is the amount determined under STEP SIX of the following formula:

STEP ONE: Determine the amount of revenue to be distributed under this chapter.

STEP TWO: Multiply the STEP ONE amount by the county's Option 1 ratio.

STEP THREE: Determine the Option 1 allocation factor for the eligible civil taxing unit for the year of distribution.

STEP FOUR: Determine the sum of the Option 1 allocation factors for all eligible civil units in the county for the year of distribution.

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1 **STEP FIVE: Divide the STEP THREE result by the STEP**
2 **FOUR result.**
3 **STEP SIX: Multiply the STEP FIVE result by the STEP TWO**
4 **amount.**
5 **Sec. 19. The amount allocated to an eligible civil taxing unit**
6 **under Option 2 is the amount determined using STEP NINE of the**
7 **following formula:**
8 **STEP ONE: Determine the total amount of revenues that**
9 **were distributed as distributive shares under IC 6-3.5-6-18.5**
10 **(repealed) in 1995.**
11 **STEP TWO: Determine the amount of revenue from taxes**
12 **imposed under this chapter in the current year.**
13 **STEP THREE: Subtract the STEP ONE result from the STEP**
14 **TWO result.**
15 **STEP FOUR: If the STEP THREE result is less than or equal**
16 **to zero (0), multiply the STEP TWO result by the ratio**
17 **established under this chapter.**
18 **STEP FIVE: Determine the ratio of:**
19 **(A) the Option 2 allocation factor for the eligible civil**
20 **taxing unit; divided by**
21 **(B) the sum of the Option 2 allocation factors for all**
22 **eligible civil taxing units of the county during the current**
23 **year.**
24 **STEP SIX: If the STEP THREE result is greater than zero**
25 **(0), the STEP ONE amount shall be distributed by multiplying**
26 **the STEP ONE amount by the ratio established under this**
27 **chapter.**
28 **STEP SEVEN: For each eligible civil taxing unit determine**
29 **the STEP FIVE ratio multiplied by the STEP TWO amount.**
30 **STEP EIGHT: For each eligible civil taxing unit determine**
31 **the difference between the STEP SEVEN amount minus the**
32 **product of the STEP ONE amount multiplied by the ratio**
33 **established under this chapter. The STEP THREE excess shall**
34 **be distributed as provided in STEP NINE only to the eligible**
35 **civil taxing units that have a STEP EIGHT difference greater**
36 **than or equal to zero (0).**
37 **STEP NINE: For the eligible civil taxing units qualifying for**
38 **a distribution under STEP EIGHT, each eligible civil taxing**
39 **unit's share equals the STEP THREE excess multiplied by the**
40 **ratio of:**
41 **(A) the Option 2 allocation factor for the eligible civil**
42 **taxing unit; divided by**

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1 (B) the sum of the Option 2 allocation factors for all
2 eligible civil taxing units of the county during the current
3 year.

4 Sec. 20. The amount allocated to an eligible civil taxing unit
5 under Option 3 is the amount determined under STEP SIX of the
6 following formula:

7 STEP ONE: Determine the amount of revenue to be
8 distributed under this chapter.

9 STEP TWO: Multiply the STEP ONE amount by the county's
10 Option 3 ratio.

11 STEP THREE: Determine the Option 3 allocation factor for
12 the eligible civil taxing unit for the year of distribution.

13 STEP FOUR: Determine the sum of the Option 3 allocation
14 factors for all eligible civil units in the county for the year of
15 distribution.

16 STEP FIVE: Divide the STEP THREE result by the STEP
17 FOUR result.

18 STEP SIX: Multiply the STEP FIVE result by the STEP TWO
19 result.

20 Sec. 21. The amount allocated to an eligible civil taxing unit
21 under Option 4 is the amount determined under STEP SIX of the
22 following formula:

23 STEP ONE: Determine the amount of revenue to be
24 distributed under this chapter.

25 STEP TWO: Multiply the STEP ONE amount by the county's
26 Option 4 ratio.

27 STEP THREE: Determine the Option 4 allocation factor for
28 the eligible civil taxing unit for the year of distribution.

29 STEP FOUR: Determine the sum of the Option 4 allocation
30 factors for all eligible civil units in the county for the year of
31 distribution.

32 STEP FIVE: Divide the STEP THREE result by the STEP
33 FOUR result.

34 STEP SIX: Multiply the STEP FIVE result by the STEP TWO
35 amount.

36 Sec. 22. The amount allocated to an eligible civil taxing unit
37 under Option 5 is the amount determined under STEP SIX of the
38 following formula:

39 STEP ONE: Determine the amount of revenue to be
40 distributed under this chapter.

41 STEP TWO: Multiply the STEP ONE amount by the county's
42 Option 5 ratio.

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- 1 **STEP THREE: Determine the Option 5 allocation factor for**
- 2 **the eligible civil taxing unit for the year of distribution.**
- 3 **STEP FOUR: Determine the sum of the Option 5 allocation**
- 4 **factors for all eligible civil units in the county for the year of**
- 5 **distribution.**
- 6 **STEP FIVE: Divide the STEP THREE result by the STEP**
- 7 **FOUR result.**
- 8 **STEP SIX: Multiply the STEP FIVE result by the STEP TWO**
- 9 **amount.**

10 **Sec. 23. A council, either through an ordinance terminating a**
 11 **tax or an ordinance reducing the tax rate, may not decrease a tax**
 12 **imposed under this chapter below the tax rate necessary to**
 13 **continue the part of an allocation of taxes to a civil taxing unit that**
 14 **the civil taxing unit has pledged to pay or fund bonds, leases, or**
 15 **another obligation permitted by IC 5-1-14 or another law. For**
 16 **purposes of this section, a pledge of county adjusted gross income**
 17 **taxes (before the repeal of IC 6-3.5-1 or IC 6-3.5-1.1), county**
 18 **option income taxes (before the repeal of IC 6-3.5-6), or county**
 19 **economic development taxes (before the repeal of IC 6-3.5-7) shall**
 20 **be treated as a pledge of an allocation of taxes under this chapter.**

21 **Sec. 24. Subject IC 6-13-19 or any other law limiting the use of**
 22 **a civil taxing unit's revenues, a civil taxing unit may use taxes**
 23 **allocated to a civil taxing unit under this chapter for any**
 24 **governmental or public purpose, including any purpose for which**
 25 **a county adjusted gross income tax, a county option income tax, or**
 26 **a county economic development tax could be used before 2006.**

27 **Sec. 25. The county auditor shall retain from taxes allocated to**
 28 **a civil taxing unit under this chapter an amount equal to any:**

- 29 **(1) reserve or settlement under IC 6-11-13;**
- 30 **(2) assignment under IC 6-11-14; or**
- 31 **(3) special allocation under IC 6-11-16;**

32 **that is payable from taxes imposed under this chapter in the**
 33 **manner and under the schedule determined under IC 6-11-13.**

34 **Sec. 26. The remainder of an eligible civil unit's allocation of**
 35 **taxes imposed under this chapter shall be distributed to the eligible**
 36 **civil taxing unit in the manner and under the schedule determined**
 37 **under IC 6-11-13.**

38 **Sec. 27. An eligible taxing unit shall deposit the amount**
 39 **distributed to the political subdivision under this chapter as**
 40 **provided in the budget for the year among the funds of the year in**
 41 **which the distributed taxes were imposed, including any amount**
 42 **budgeted for deposit in the political subdivision's rainy day fund.**

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1 Money deposited in a fund under this section may be used for any
2 purpose for which money in the fund may be used or transferred
3 to another fund as authorized by law.

4 Sec. 28. The amount raised under this chapter and retained by
5 a county auditor as an assignment or a special allocation may be
6 used only for the purposes of the assignment or the special
7 allocation.

8 Sec. 29. Subject to IC 6-13-22-11 concerning excess revenue, an
9 amount retained in excess of the amount necessary for the
10 purposes of a reserve, a settlement, an assignment, or a special
11 allocation shall be distributed to the civil taxing unit from which
12 the amount was retained. The amount distributed under this
13 section does not reduce the controlled tax limit or allocation
14 amount for a civil taxing unit in any year.

15 Chapter 9. Excluded Taxes

16 Sec. 1. In addition to the tax rate in effect in the county under
17 IC 6-11-7 or IC 6-11-8, or both, the governing body specified in any
18 of the following may adopt an additional tax rate for the county
19 under this chapter.

20 Sec. 2. An additional tax rate adopted under this chapter
21 (including a tax described in section 3 of this chapter) shall be
22 treated as an excluded tax.

23 Sec. 3. An ordinance adopted in a county before April 1, 2005,
24 that would have imposed any of the additional rates listed in
25 IC 6-11-9-11 after 2005 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7
26 had not been repealed shall be treated after 2005 as an ordinance
27 adopted under section 1 of this chapter.

28 Sec. 4. The tax rate imposed under section 3 of this chapter is
29 equal to the combined total of the additional tax rates listed in
30 IC 6-11-9-11 that the county would have imposed in 2006 if
31 IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed.

32 Sec. 5. The tax rate imposed under section 3 of this chapter
33 applies to 2006 and each year thereafter until the earlier of the
34 following:

- 35 (1) The tax expires by law.
- 36 (2) The tax is rescinded or the tax rate is reduced by the
- 37 council under this article.

38 Sec. 6. A fiscal body or council, either through an ordinance
39 terminating a tax or an ordinance reducing the tax rate, may not
40 decrease an excluded tax imposed under this chapter below the tax
41 rate necessary to continue the part of an allocation of taxes to a
42 political subdivision that the political subdivision has pledged to

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1 pay or fund bonds, leases, or another obligation permitted by
2 IC 5-1-14 or another law. For purposes of this section, a pledge of
3 county adjusted gross income taxes (before the repeal of IC 6-3.5-1
4 or IC 6-3.5-1.1), county option income taxes (before the repeal of
5 IC 6-3.5-6), or county economic development taxes (before the
6 repeal of IC 6-3.5-7) under a law listed in IC 6-11-9-11 shall be
7 treated as a pledge of an allocation of taxes under this article.

8 Sec. 7. The county auditor shall retain from the distribution of
9 taxes made to the county the amount of each excluded tax imposed
10 in the county.

11 Sec. 8. The amount raised by an excluded tax, after deducting
12 any necessary reserves and settlements under IC 6-11-13, may be
13 used only for the purposes allowed under the law under which it
14 was imposed or its successor law. Any amount raised in excess of
15 the amount necessary for the purposes of the excluded tax shall be
16 treated as excess revenue under IC 6-13-22-11 and applied to
17 reduce the excluded tax rate for the following year or the later year
18 determined by the department. Except as otherwise provided by
19 law, IC 36-1-8-5 applies to an unused and unencumbered balance
20 remaining from an excluded tax when the purposes for the
21 excluded tax have been fulfilled.

22 Sec. 9. (a) Except to the extent waived for a year by the
23 department, an additional tax rate is imposed in each county at the
24 lesser of the following:

- 25 (1) The rate necessary, after deducting any amount being
- 26 raised as property taxes to replace money in a rainy day fund
- 27 used as a temporary loan to a debt service fund, to maintain
- 28 the balance of the rainy day funds of each political subdivision
- 29 at six percent (6%) of the budget in the immediately
- 30 preceding year for the political subdivision in the county; or
- 31 (2) twenty percent (20%) of the increase in the tax rate
- 32 imposed in the county under IC 6-11-7.

33 (b) The additional rate under this section is an excluded tax.

34 (c) The county auditor shall retain the amount of the additional
35 tax rate under this section as a special allocation. The retained
36 amount shall be allocated among political subdivisions for deposit
37 in each political subdivision's rainy day fund in proportion to the
38 controlled tax limits for each political subdivision in the county
39 until the political subdivision's rainy day fund balance is at least six
40 percent (6%) of the political subdivision's controlled tax limit.

41 (d) The council may adopt an ordinance to increase the
42 additional tax imposed under this section. The county auditor shall

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1 retain the amount of the additional tax rate under this subsection
2 as a special allocation. The retained amount shall be allocated
3 among political subdivisions for deposit in each political
4 subdivision's rainy day fund in proportion to the controlled tax
5 limits each political subdivision in the county.

6 Sec. 10. (a) This section applies to any county, regardless of
7 whether the county has adopted an ordinance under IC 6-11-15 or
8 IC 6-11-16 to provide additional property tax replacement credits
9 or homestead credits.

10 (b) In addition to any other additional tax rate imposed under
11 this article, a council may adopt an additional tax rate to replace
12 revenue lost to a political subdivision as the result of granting an
13 additional homestead credit under this section. A county that
14 adopted an ordinance under IC 6-3.5-7-26 (before its repeal) shall
15 be treated as if the county adopted an ordinance under this section.
16 The amount of the additional tax is an excluded tax.

17 (c) The additional tax rate may not exceed twenty-five
18 hundredths of one percent (0.25%).

19 (d) An additional homestead credit is established in each county
20 to which this section applies to offset the effect on homesteads in
21 the county resulting from the statewide deduction for inventory
22 under IC 6-1.1-12-42. The department shall set the percentage of
23 the homestead credit so that the total amount of additional
24 homestead credits granted equals the amount of the additional tax
25 collected under this section. The homestead credit adopted under
26 this section shall be applied as specified in the ordinance. The
27 ordinance may provide that the additional tax be:

28 (1) uniformly applied to increase the homestead credit
29 granted under IC 6-1.1-20.9 for all homesteads in the county;
30 or

31 (2) applied to increase the homestead credit granted under
32 IC 6-1.1-20.9 for all homesteads in the county in the same
33 proportion as the amount of inventory assessed value
34 deducted under IC 6-1.1-12-42 in the taxing district for the
35 immediately preceding year's assessment date bears to the
36 total inventory assessed value deducted under IC 6-1.1-12-42
37 in the county for the immediately preceding year's assessment
38 date.

39 (e) The county auditor shall retain the amount necessary for the
40 homestead credit as a special allocation. The retained amount shall
41 be allocated among political subdivisions in proportion to property
42 tax revenue lost as the result of granting additional homestead

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credits under this section.

(f) Money received under this section shall be treated for all purposes as property tax levies.

Sec. 11. (a) This section applies to an additional tax imposed under any of the following before April 1, 2005, and that would have been in effect for a year after 2005 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed:

- (1) IC 6-3.5-1.1-2.5 (repealed).
- (2) IC 6-3.5-1.1-2.7 (repealed).
- (3) IC 6-3.5-1.1-2.8 (repealed).
- (4) IC 6-3.5-1.1-2.9 (repealed).
- (5) IC 6-3.5-1.1-3.3 (repealed).
- (6) IC 6-3.5-1.1-3.5 (repealed).
- (7) IC 6-3.5-1.1-3.6 (repealed).
- (8) IC 6-3.5-7-22 (repealed).
- (9) IC 6-3.5-7-24 (repealed).
- (10) IC 6-3.5-7-25 (repealed).
- (11) IC 6-3.5-7-27 (repealed).

(b) An additional tax rate is imposed in a county after 2005 for the purposes each law described in subsection (a). The amount of the additional tax rate is the tax rate imposed in 2005 under a law described in subsection (a). The additional tax rate is an excluded tax.

(c) An additional tax rate imposed under this section continues until the earliest of the following:

- (1) The date the additional tax rate is rescinded or reduced by the body establishing the additional rate.
- (2) The date that the purpose for which the tax rate was imposed is accomplished.
- (3) The date that the law described in subsection (a) would have terminated the additional tax rate.

(d) The county auditor shall retain the amount of the additional tax rate as a special allocation. The retained amount shall be allocated as provided in the applicable law described in subsection (a).

Chapter 10. Credits

Sec. 1. (a) Except as provided in subsection (b), if for a particular taxable year a resident is liable for an income tax imposed by a county, city, town, or other local governmental entity located outside Indiana, that resident is entitled to a credit against the tax liability imposed under this article for that same taxable year. The amount of the credit equals the amount of tax imposed

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1 by the other governmental entity on income derived from sources
2 outside Indiana and subject to the tax under this article. However,
3 the credit provided by this section may not reduce a resident's tax
4 liability under this article to an amount less than would have been
5 owed if the income subject to taxation by the other governmental
6 entity had been ignored.

7 (b) The credit provided by this section does not apply to a
8 resident to the extent that the other governmental entity provides
9 for a credit to the resident for the amount of taxes owed under this
10 article.

11 (c) To claim the credit provided by this section, a resident must
12 provide the department of state revenue with satisfactory evidence
13 that the taxpayer is entitled to the credit.

14 Sec. 2. (a) If for a particular taxable year a taxpayer is, or a
15 taxpayer and the taxpayer's spouse who file a joint return are,
16 allowed a credit for the elderly or totally disabled under Section 22
17 of the Internal Revenue Code, the taxpayer is, or the taxpayer and
18 the taxpayer's spouse are, entitled to a credit against the tax
19 liability under this article for that same taxable year. The amount
20 of the credit equals the lesser of:

- 21 (1) the product of:
 - 22 (A) the credit for the elderly or totally disabled for that
 - 23 same taxable year; multiplied by
 - 24 (B) a fraction, the:
 - 25 (i) numerator of which is the tax rate imposed under this
 - 26 article against the taxpayer or the taxpayer and the
 - 27 taxpayer's spouse; and
 - 28 (ii) denominator of which is fifteen-hundredths (0.15); or
- 29 (2) the amount of tax imposed on the taxpayer or the taxpayer
30 and the taxpayer's spouse.

31 (b) If a taxpayer and the taxpayer's spouse file a joint return
32 and are subject to different county income tax rates for the same
33 taxable year, the taxpayer and the taxpayer's spouse shall compute
34 the credit under this section by using the formula provided by
35 subsection (a), except that they shall use the average of the two (2)
36 county income tax rates imposed against them as the numerator
37 referred to in subsection (a)(1)(B)(i).

38 Chapter 11. Administration

39 Sec. 1. Except as otherwise provided in this article, all
40 provisions of the adjusted gross income tax law (IC 6-3)
41 concerning:

- 42 (1) definitions;

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- 1 (2) declarations of estimated tax;
- 2 (3) filing of returns;
- 3 (4) deductions or exemptions from adjusted gross income;
- 4 (5) remittances;
- 5 (6) incorporation of the provisions of the Internal Revenue
- 6 Code;
- 7 (7) penalties and interest; and
- 8 (8) exclusion of military pay credits for withholding;
- 9 apply to the imposition, collection, and administration of the tax
- 10 imposed by this article.

11 Sec. 2. The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3,
 12 IC 6-3-3-5, IC 6-3-4-4.1(h), IC 6-3-4-8.1(e), and IC 6-3-5-1 do not
 13 apply to the tax imposed by this article.

14 Sec. 3. Each employer, including an employer making payments
 15 by electronic funds transfer, shall report to the department of state
 16 revenue for each reporting period the amount of tax withholdings
 17 attributable to each county. The report must be made before the
 18 later of the time that an employer that is not making an electronic
 19 funds transfer is required to pay to the department of state revenue
 20 amounts withheld during the reporting period or the date specified
 21 by the department of state revenue.

22 Sec. 4. A taxpayer required to file estimated or annual state
 23 adjusted gross income tax returns under IC 6-3-4-4.1, including
 24 taxpayers making payments by electronic funds transfer, shall file
 25 estimated tax returns and make payments of the tax imposed by
 26 this article to the department of state revenue at the time or times
 27 and in the installments specified under IC 6-3-4-4.1 for making
 28 estimated state adjusted gross income tax returns by taxpayers not
 29 making an electronic funds transfer.

30 **Chapter 12. Collection and Distribution of Revenue to a County**

31 Sec. 1. (a) A special account within the state general fund shall
 32 be established for each county that adopts the tax. Estimated tax
 33 payments, wage withholding payments, and other revenue derived
 34 from the imposition of the tax by a county shall be deposited in that
 35 county's account in the state general fund on at least a monthly
 36 basis as the revenue is received.

37 (b) Overpayments of the county's tax deposited in a county's
 38 account and other amounts deposited in a county's account in error
 39 shall be withdrawn from the account whenever the amount of the
 40 excess deposit is determined. If the amount that must be
 41 withdrawn from a county's account exceeds the amount in the
 42 account, the budget agency shall advance to the county's account

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1 from the state general fund the amount necessary to make the
2 withdrawal. The advance shall be repaid from the account on the
3 schedule determined by the budget agency.

4 (c) Income earned on money held in a county's account becomes
5 a part of that account.

6 (d) Revenue remaining in a county's account at the end of a
7 fiscal year does not revert to the state general fund.

8 Sec. 2. The auditor of state shall distribute money in a county's
9 account, less the reserve that the department of state revenue
10 determines is necessary to meet probable withdrawals from the
11 fund for overpayments and other erroneous deposits, at least
12 monthly.

13 Sec. 3. All distributions from an account shall be made by
14 warrants issued by the auditor of state to the treasurer of state
15 ordering the appropriate payments.

16 Sec. 4. The department of state revenue shall at least annually
17 distribute to the county auditor for a county imposing a tax and to
18 the department sufficient information for the county auditor and
19 the department to determine that the distributions made to the
20 county are correct and complete. To the extent that the
21 information distributed under this section is confidential
22 information under IC 6-8.1-7, the department of state revenue shall
23 require the recipients to enter into an agreement under
24 IC 6-8.1-7-1(b) before providing the information.

25 Sec. 5. The department of state revenue, in addition to offsetting
26 withdrawals and the repayment of advances to an account against
27 money deposited in an account, may on a settlement date seek
28 repayment from a county of money erroneously distributed to the
29 county. The county auditor shall reimburse the county's account
30 for overpayments from county income tax distributions held by the
31 county. The amount of the reimbursement shall be proportionately
32 deducted from all allocations made to the political subdivisions in
33 the county except allocations made to pay or fund any bonds, lease
34 obligations, or other obligations (as defined in IC 5-1-3-1) for
35 which county adjusted gross income tax, county option income tax,
36 county economic development tax, or county income tax is pledged.
37 If the amount held by the county is insufficient to reimburse the
38 county's account, the county fiscal body may authorize an advance
39 of money from the county general fund to make the
40 reimbursement. The advance shall be repaid on the schedule
41 determined by the county fiscal body.

42 Chapter 13. Distribution of Revenue by the County Auditor

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1 **Sec. 1. When taxes are distributed to a county under IC 6-11-12,**
2 **the county auditor shall:**

- 3 (1) determine the part of the distribution that is attributable
- 4 to the part of the tax imposed under IC 6-11-7, IC 6-11-8, and
- 5 each additional excluded tax rate imposed under IC 6-11-9;
- 6 (2) determine the part of each political subdivision's allocation
- 7 of taxes imposed under IC 6-11-7 and IC 6-11-8 that must be
- 8 retained under this article, including amounts retained as a
- 9 result of assignments of taxes made by a political subdivision
- 10 under IC 6-11-14; and
- 11 (3) distribute the remainder of the taxes among the political
- 12 subdivisions in the county according to the formulas
- 13 established under this article.

14 **Sec. 2. Amounts retained under section 1 of this chapter shall be**
15 **distributed as required to carry out the purposes of the special**
16 **allocation or other purpose for which the taxes are retained.**

17 **Sec. 3. To assist county auditors, the department shall compute**
18 **allocations, amounts that must be retained, and amounts to be**
19 **distributed for each purpose.**

20 **Sec. 4. The department shall establish a schedule for**
21 **transmitting the information computed under section 3 of this**
22 **chapter to each county auditor. The information must be**
23 **accompanied by sufficient supporting work papers for the county**
24 **auditor to verify the accuracy and completeness of the**
25 **computations.**

26 **Sec. 5. A county auditor shall provide each affected political**
27 **subdivision, individual, or other entity entitled to a distribution**
28 **with:**

- 29 (1) advance notice of the policies established under this
- 30 chapter; and
- 31 (2) sufficient documentation for the entity to verify the
- 32 accuracy and completeness of the entity's distributions under
- 33 this article.

34 **The county auditor shall give the notices and documentation under**
35 **this section on the schedule, if any, specified by the department.**

36 **Sec. 6. Subject to this chapter and any other law, a council may**
37 **adopt an ordinance to establish the:**

- 38 (1) schedule on which distributions are made;
- 39 (2) amount of reserve that the county auditor shall retain to
- 40 reimburse the state for any overpayment to the county under
- 41 IC 6-11-12;
- 42 (3) schedule for apportioning amounts retained by the county

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1 auditor to the distributions that would otherwise be made
 2 under this article; and
 3 (4) formula and schedule for apportioning shortfalls among
 4 the distributions that would otherwise be made under this
 5 article.

6 Sec. 7. In the absence of an ordinance under section 6 of this
 7 chapter the:

- 8 (1) schedule on which distributions are made;
- 9 (2) amount of reserve that the county auditor shall retain to
 10 reimburse the state for any overpayment to the county under
 11 IC 6-11-12;
- 12 (3) schedule for apportioning amounts retained by the county
 13 auditor to the distributions that would otherwise be made
 14 under this article; and
- 15 (4) formula and schedule for apportioning shortfalls among
 16 the distributions that would otherwise be made under this
 17 article.

18 is the schedule, amount, and formula specified by the department
 19 under section 8 of this chapter or, in the absence of a policy under
 20 section 8 of this chapter, the county auditor.

21 Sec. 8. The department may establish the:

- 22 (1) schedule on which distributions are made;
- 23 (2) amount of reserve that a county auditor shall retain to
 24 reimburse the state for any overpayment to the county under
 25 IC 6-11-12;
- 26 (3) schedule for apportioning amounts retained by the county
 27 auditor to the distributions that would otherwise be made
 28 under this article; and
- 29 (4) formula and schedule for apportioning shortfalls among
 30 the distributions that would otherwise be made under this
 31 article.

32 Sec. 9. If the council adopts an ordinance under section 6 of this
 33 chapter, the department may establish under section 8 of this
 34 chapter a different standard than the standard adopted in the
 35 ordinance only as necessary to:

- 36 (1) protect taxpayers;
- 37 (2) protect the holders of bonds, leases, or other obligations;
- 38 (3) provide for uniform and just treatment of all political
 39 subdivisions in the county; or
- 40 (4) enforce a law.

41 Sec. 10. To the extent possible, the county auditor, council, and
 42 department shall provide for monthly distributions of a county's

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tax.

Sec. 11. An ordinance adopted under section 6 of this chapter or a policy established under section 3, 7, or 8 of this chapter may not adversely affect the payment or funding of any bonds, lease obligations, or other obligations (as defined in IC 5-1-3-1) for which:

- (1) county adjusted gross income tax, county option income tax, or county economic development tax was pledged before 2006; or**
- (2) county income tax is pledged.**

Sec. 12. A county auditor may not maintain a reserve to reimburse the state for any overpayment to the county under IC 6-11-12 that exceeds the probable net settlement to the state for taxes from which the reserve is retained.

Sec. 13. The county auditor shall retain from a county's distribution under IC 6-11-12 the amount of any settlement with the state required to eliminate overpayments to the county of taxes imposed under this article that are not covered by a reserve.

Chapter 14. Assignments of an Allocation

Sec. 1. The fiscal body of a political subdivision may by ordinance or resolution assign any part of the political subdivision's allocation, including a special allocation, of a county's distribution of taxes to another entity to carry out any governmental purpose, including any purpose for which county adjusted gross income taxes, county option income taxes, or county economic development taxes could have been pledged or assigned before 2006.

Sec. 2. An assignment of a political subdivision's share of:

- (1) county adjusted income taxes;**
- (2) county option income taxes; or**
- (3) county economic income taxes;**

that would have applied to a year after 2005 if IC 6-3.5-1.1, IC 6-3.5-6, and IC 6-3.5-7 had not been repealed, shall be treated as an assignment of the political subdivision's allocation of a county's distribution of taxes under this article.

Sec. 3. Except as provided in section 2 of this chapter, if the political subdivision assigns an allocation, the fiscal body shall certify the allocation to the county auditor and the department.

Sec. 4. If a political subdivision fails to pay or fund bonds, lease obligations, or other obligations (as defined in IC 5-1-3-1) for which a pledge of county adjusted gross income tax, county option income tax, or county economic development tax was made, the

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1 department may order the county auditor to retain from the
2 amount that would otherwise be allocated to the political
3 subdivision the amount necessary to fulfill the political
4 subdivision's obligations. The amount retained under this section
5 shall be treated as an assignment of the political subdivision's
6 allocation to meet the political subdivision's obligations under the
7 pledge.

8 **Sec. 5.** The county auditor shall retain an assigned amount and
9 directly distribute it to the assignee as if it were a distribution to
10 the political subdivision.

11 **Sec. 6.** An assignment under this chapter (including an
12 assignment described in section 2 of this chapter) applies until the
13 fiscal body of the political subdivision rescinds or reduces the
14 amount of an assignment in a subsequent ordinance.

15 **Sec. 7.** A political subdivision (or the department in the case of
16 section 4 of this chapter) may not reduce or rescind an assignment
17 to the extent that the reduction or rescission will adversely affect
18 the payment or funding of any bonds, lease obligations, or other
19 obligations (as defined in IC 5-1-3-1) for which county adjusted
20 gross income tax, county option income tax, or county economic
21 development tax, or county income tax is pledged.

22 **Sec. 8.** An assignment of controlled taxes does not change the
23 political subdivision's controlled tax limit or controlled levy limit.

24 **Chapter 15. Special Allocations From Controlled Taxes**

25 **Sec. 1.** This chapter applies only to the part of a tax that is a
26 controlled tax imposed under IC 6-11-7.

27 **Sec. 2. (a)** This section applies to any county.

28 (b) In addition to any other property tax replacement credit or
29 homestead credit granted under this article, the fiscal body of a
30 political subdivision may adopt an ordinance to retain part of the
31 amount that would otherwise be allocated to the political
32 subdivision under IC 6-11-7 to replace revenue lost to a political
33 subdivision as the result of granting additional property tax
34 replacement credits under this section. The ordinance must specify
35 the amount to be retained. The amount retained under this section
36 is not an excluded tax.

37 (c) An additional property tax replacement credit is established
38 in each county to which this section applies. The additional
39 property tax replacement credit applies to the controlled property
40 taxes imposed by the political subdivision adopting an ordinance
41 under this section. The department shall set the percentage of
42 property tax replacement credits so that the total amount of

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1 additional property tax replacement credits granted equals the
2 amount of the tax retained under this section. The additional
3 property tax replacement credit shall be uniformly applied to all
4 taxpayer property tax liability for controlled property taxes
5 imposed by the political subdivision.

6 (d) The county auditor shall retain the amount necessary for the
7 additional property tax replacement credit as a special allocation.
8 The retained amount shall be allocated to the political subdivision
9 in proportion to the controlled property tax revenue lost as the
10 result of granting additional property tax replacement credits
11 under this section.

12 (e) Money received under this section shall be treated for all
13 purposes as controlled property tax levies.

14 **Chapter 16. Special Allocations From Optional Additional**
15 **County Income Taxes**

16 **Sec. 1. This chapter applies only to the part of the tax imposed**
17 **under this article that is imposed as an excluded tax under**
18 **IC 6-11-8.**

19 **Sec. 2. The amount of taxes allocated to a tax area under:**

- 20 (1) IC 36-7-13;
- 21 (2) IC 36-7-31;
- 22 (3) IC 36-7-31.3;
- 23 (4) IC 36-7-32; or
- 24 (5) another similar law;

25 shall be treated as a special allocation that reduces only the amount
26 that would otherwise be allocated to a political subdivision under
27 IC 6-11-8. The amount of the special allocation under this section
28 may not be considered in determining the controlled tax limit of a
29 political subdivision or in setting tax rates under this article.

30 **Sec. 3. (a) This section applies to a county that adopted an**
31 **ordinance under IC 6-3.5-7-23 (before its repeal) to provide for an**
32 **additional property tax replacement credit to replace library**
33 **property taxes in the county.**

34 (b) The county fiscal body may adopt an ordinance to retain
35 part of the amount that would otherwise be allocated to political
36 subdivisions under IC 6-11-8 to replace revenue lost to a public
37 library as the result of granting an additional property tax
38 replacement credit against library property taxes imposed in the
39 county. An ordinance adopted under IC 6-3.5-7-23 (before its
40 repeal) shall be treated as an ordinance adopted under this section.
41 The county fiscal body may not designate for library property tax
42 replacement purposes tax revenue that is generated by a tax rate

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of more than fifteen-hundredths percent (0.15%).

(c) An additional property tax replacement credit is established in each county to which this section applies. The department shall set the percentage of the property tax replacement credit so that the total amount of additional property tax replacement credits granted equals the amount of the tax retained under this section. The additional property tax credit shall be applied in the same manner as an additional property tax credit under IC 6-3.5-7-23 (before its repeal) would have been applied.

(d) The county auditor shall allocate the amount retained under this section as a special allocation. The retained amount shall be allocated among public libraries as an additional property tax credit under IC 6-3.5-7-23 (before its repeal) would have been allocated.

(e) Money received under this section shall be treated for all purposes as property tax levies.

(f) A special allocation and property tax replacement credit under this section continues in effect until rescinded or reduced by ordinance adopted by the county fiscal body.

Sec. 4. (a) This section applies to a county that received a certified distribution of county adjusted gross income taxes in 2005.

(b) In addition to any other property tax replacement credit or homestead credit granted under this chapter, part of the amount that would otherwise be allocated to political subdivisions under IC 6-11-8 must be retained to replace revenue lost to a political subdivision as the result of granting additional property tax replacement credits under this section.

(c) The amount to be retained is the amount raised by the tax rate that is equal to the part of the county adjusted gross income tax rate that was imposed to raise the part of the county's 2005 certified distribution that was allocated to civil taxing units (as defined in IC 6-3.5-1.1-1 (repealed)) and school corporations as property tax replacement credits.

(d) An additional property tax replacement credit is established in each county to which this section applies. The department shall set the percentage of property tax replacement credits so that the total amount of additional property tax replacement credits granted equals the amount of the tax retained under this section. The additional property tax replacement credit shall be uniformly applied to property tax liability on taxable property in the county as follows:

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1 **(1) To the property tax liability of each eligible civil taxing**
2 **unit, as determined under IC 6-11-8-15, for controlled**
3 **property taxes.**
4 **(2) To the property tax liability of each school corporation for**
5 **its general fund, debt service fund, capital projects fund,**
6 **transportation fund, and special education preschool fund.**
7 **(e) The county auditor shall retain the amount necessary for the**
8 **additional property tax replacement credit as a special allocation.**
9 **The retained amount shall be allocated among political**
10 **subdivisions in proportion to the property tax revenue lost as the**
11 **result of granting additional property tax replacement credits**
12 **under this section.**
13 **(f) Money received under this section shall be treated for all**
14 **purposes as property tax levies.**
15 **Sec. 5. (a) This section applies to a county that received a**
16 **certified distribution of county adjusted gross income taxes in**
17 **2005.**
18 **(b) In addition to any other property tax replacement credit or**
19 **homestead credit granted under this chapter, part of the amount**
20 **that would otherwise be allocated to each eligible civil taxing unit,**
21 **as determined under IC 6-11-8-15, under IC 6-11-8 must be**
22 **retained to replace revenue lost to an eligible civil taxing unit as the**
23 **result of granting additional property tax replacement credits**
24 **under this section.**
25 **(c) The amount to be retained is the amount raised by the tax**
26 **rate that is equal to the part of the county adjusted gross income**
27 **tax rate that was imposed to raise the part of the county's 2005**
28 **certified distribution that was:**
29 **(1) allocated to eligible civil taxing units (as determined under**
30 **IC 6-11-8-15) as certified shares; and**
31 **(2) used as additional property tax replacement credits.**
32 **(d) An additional property tax replacement credit is established**
33 **in each county to which this section applies. The department shall**
34 **set the percentage of property tax replacement credits so that the**
35 **total amount of additional property tax replacement credits**
36 **granted equals the amount of the tax retained under this section.**
37 **The additional property tax replacement credit shall be uniformly**
38 **applied to property tax liability on taxable property in the county**
39 **of each eligible civil taxing unit, as determined under IC 6-11-8-15,**
40 **for controlled property taxes.**
41 **(e) The county auditor shall retain the amount necessary for the**
42 **additional property tax replacement credit as a special allocation.**

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1 The retained amount shall be allocated among political
2 subdivisions in proportion to the property tax revenue lost as the
3 result of granting additional property tax replacement credits
4 under this section.

5 (f) Money received under this section shall be treated for all
6 purposes as property tax levies.

7 Sec. 6. (a) This section applies to any county.

8 (b) In addition to any other property tax replacement credit or
9 homestead credit granted under this chapter, a council may adopt
10 an ordinance to retain part of the amount that would otherwise be
11 allocated to political subdivisions under IC 6-11-8 to replace
12 revenue lost to a political subdivision as the result of granting
13 additional property tax replacement credits under this section. The
14 ordinance must specify the amount to be retained.

15 (c) An additional property tax replacement credit is established
16 in each county to which this section applies. The department shall
17 set the percentage of property tax replacement credits so that the
18 total amount of additional property tax replacement credits
19 granted equals the amount of the tax retained under this section.
20 The additional property tax replacement credit shall be uniformly
21 applied to all controlled property tax liability in the county.

22 (d) The county auditor shall retain the amount necessary for the
23 additional property tax replacement credit as a special allocation.
24 The retained amount shall be allocated among political
25 subdivisions in proportion to the controlled property tax revenue
26 lost as the result of granting additional property tax replacement
27 credits under this section.

28 (e) Money received under this section shall be treated for all
29 purposes as controlled property tax levies.

30 Sec. 7. (a) This section applies to any county.

31 (b) In addition to any other additional property tax
32 replacements or homestead credits granted under this chapter, a
33 council may adopt an ordinance to retain part of the amount that
34 would otherwise be allocated to political subdivisions under
35 IC 6-11-8 to replace revenue lost to a political subdivision as the
36 result of granting an additional homestead credit under this
37 section. The amount retained is not an excluded tax. An ordinance
38 adopted in a county under IC 6-3.5-6-13 (repealed) before April 1,
39 2005, shall be treated as an ordinance adopted under this section
40 if the ordinance would have been in effect in a year after 2005 if
41 IC 6-3.5-6 had not been repealed.

42 (c) The maximum amount that may be retained under this

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section for an ensuing year is the greater of:

- (1) eight percent (8%) of the sum of the property taxes imposed in the county in the year immediately preceding the ensuing year; or
- (2) the amount that the county retained under IC 6-3.5-6-18(b) (repealed) in 2005 for the purposes of granting homestead credits.

The ordinance must specify the amount to be retained.

(d) An additional homestead credit is established in each county to which this section applies. The department shall set the percentage of the homestead credit so that the total amount of additional homestead credits granted equals the amount of the additional tax collected under this section. The additional homestead credit shall be applied as an increase in the homestead credit allowed in a taxing district under IC 6-1.1-20.9 for a year. The homestead credit shall be uniformly applied to all homesteads in the county.

(e) The county auditor shall retain the amount necessary for the homestead credit as a special allocation. The retained amount shall be allocated among political subdivisions in proportion to property tax revenue lost as the result of granting additional homestead credits under this section.

(f) Money received under this section shall be treated for all purposes as property tax levies.

Sec. 8. (a) This section applies to any county.

(b) In addition to any other property tax replacement credit or homestead credit granted under this article, the fiscal body of a political subdivision may adopt an ordinance to retain part of the amount that would otherwise be allocated to the political subdivision under IC 6-11-8 to replace revenue lost to a political subdivision as the result of granting additional property tax replacement credits under this section. The ordinance must specify the amount to be retained. The ordinance may be combined with an ordinance adopted under IC 6-11-15.

(c) An additional property tax replacement credit is established in each county to which this section applies. The additional property tax replacement credit applies to the controlled property taxes imposed by the political subdivision adopting an ordinance under this section. The department shall set the percentage of property tax replacement credits so that the total amount of additional property tax replacement credits granted equals the amount of the tax retained under this section. The additional

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1 property tax replacement credit shall be uniformly applied to all
2 taxpayer property tax liability for controlled property taxes
3 imposed by the political subdivision.

4 (d) The county auditor shall retain the amount necessary for the
5 additional property tax replacement credit as a special allocation.
6 The retained amount shall be allocated to the political subdivision
7 in proportion to the controlled property tax revenue lost as the
8 result of granting additional property tax replacement credits
9 under this section.

10 (e) Money received under this section shall be treated for all
11 purposes as controlled property tax levies.

12 Chapter 17. Actions Taken by Fiscal Body Other Than Council

13 Sec. 1. This chapter applies to an action that under this article
14 may be taken by a fiscal body that is not acting as a member of the
15 council.

16 Sec. 2. A fiscal body may take an action after publishing a notice
17 under IC 5-3-1.

18 Sec. 3. As soon as practical after its adoption, a certified copy of
19 an ordinance or resolution adopted by a fiscal body shall be
20 distributed to the:

- 21 (1) county auditor;
- 22 (2) department; and
- 23 (3) department of state revenue.

24 Sec. 4. An ordinance or resolution adopted by a fiscal body may
25 be amended or rescinded by adopting a subsequent ordinance or
26 resolution.

27 Sec. 5. An ordinance or resolution adopted by a fiscal body
28 before September 16 initially applies to the ensuing year. Unless
29 waived by the department for good cause, an ordinance or
30 resolution adopted after September 15 in a year initially applies to
31 the year following the year of adoption by two (2) years.

32 Chapter 18. Bonds

33 Sec. 1. Notwithstanding any other law, if a political subdivision
34 desires to issue obligations or enter into leases, payable wholly or
35 in part by the tax, the obligations of the political subdivision or any
36 lessor may be sold at public sale in accordance with IC 5-1-11 or at
37 negotiated sale.

38 Sec. 2. A pledge of tax revenues under this article is enforceable
39 in accordance with IC 5-1-14.

40 Sec. 3. With respect to obligations for which a pledge has been
41 made under this article, the general assembly covenants with the
42 county and the purchasers or owners of those obligations that this

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1 article will not be repealed or amended in any manner that will
2 adversely affect the tax collected under this article as long as the
3 principal of or interest on those obligations is unpaid.

4 SECTION 70. IC 6-12 IS ADDED TO THE INDIANA CODE AS
5 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
6 2005]:

7 **ARTICLE 12. CONTROLLED TAX LIMIT**

8 **Chapter 1. Definitions**

9 **Sec. 1. The definitions in IC 6-1.1, IC 6-11, and IC 36-1-2 apply**
10 **throughout this article.**

11 **Sec. 2. The definitions in this chapter apply throughout this**
12 **article.**

13 **Sec. 3. "Adjustment" means an increase or a decrease of a:**
14 **(1) political subdivision's controlled tax limit or controlled**
15 **levy limit, or both;**
16 **(2) political subdivision's property taxes or property tax rates;**
17 **(3) county's income tax or income tax rate; or**
18 **(4) political subdivision's allocation of income taxes; or**
19 **another action allowed under this article or IC 6-13.**

20 **Sec. 4. "Income tax" refers to a county income tax imposed**
21 **under IC 6-13.**

22 **Sec. 5. "Indiana nonfarm personal income" means the estimate**
23 **of total nonfarm personal income for Indiana in a year as**
24 **computed by the federal Bureau of Economic Analysis using any**
25 **actual data for the year and any estimated data determined to be**
26 **appropriate by the federal Bureau of Economic Analysis.**

27 **Chapter 2. Excluded Taxes**

28 **Sec. 1. This article does not apply to the state or a political**
29 **subdivision that does not have the power to impose a property tax.**

30 **Sec. 2. This article applies to the:**
31 **(1) amount of controlled income taxes that may be imposed in**
32 **a county for allocation to a political subdivision; and**
33 **(2) controlled property taxes that may be imposed in a county**
34 **by the political subdivision.**

35 **Sec. 3. The taxes described in section 2 of this chapter are**
36 **controlled taxes subject to this article.**

37 **Sec. 4. This article does not apply to any part of:**
38 **(1) an income tax imposed in a county; or**
39 **(2) a property tax levy imposed by a political subdivision;**
40 **that is designated as an excluded tax under this chapter or IC 6-11.**

41 **Sec. 5. A controlled tax limit or controlled levy limit calculated**
42 **under this article does not apply to an excluded tax.**

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1 **Sec. 6. An excluded tax may not be considered in calculating a**
2 **controlled tax limit, controlled levy limit, or annual controlled tax**
3 **increase for any political subdivision.**

4 **Sec. 7. A property tax imposed for a debt service fund (as**
5 **defined in IC 6-14-1-8) is an excluded tax.**

6 **Sec. 8. A fixed rate levy (as defined in IC 6-15-1-3) is an**
7 **excluded tax.**

8 **Sec. 9. A property tax imposed for any of the following is an**
9 **excluded tax:**

- 10 (1) A referendum tax levy fund (IC 21-2-11.6).
- 11 (2) A school capital projects fund (IC 21-2-15).
- 12 (3) A special education preschool fund (IC 21-2-17).
- 13 (4) A racial balance fund (IC 6-1.1-19-10 (repealed) or
- 14 IC 21-2-19).
- 15 (5) A cultural institution (IC 20-5-17.5-4 (repealed) or
- 16 IC 36-10-13-8).

17 **Sec. 10. A:**
 18 (1) tax imposed under IC 6-1.1-21.2-12; or
 19 (2) special assessment imposed under IC 12-19-1.5-9;
 20 **for an allocation area is an excluded tax.**

21 **Sec. 11. A part of the income tax rate that is:**
 22 (1) imposed under IC 6-11-8; or
 23 (2) otherwise designated by law as an excluded tax.

24 **Chapter 3. Limitations on Controlled Taxes**

25 **Sec. 1. A:**
 26 (1) controlled tax limit; and
 27 (2) controlled levy limit;
 28 **is established for each political subdivision.**

29 **Sec. 2. If the political subdivision is located in more than one (1)**
 30 **county, a controlled tax limit and controlled levy limit is**
 31 **established for each county in which the political subdivision is**
 32 **located. The controlled tax limit and the controlled levy limit in**
 33 **each county must reflect a proportionate share of the total amount**
 34 **of controlled taxes that may be imposed for the political**
 35 **subdivision. The apportionment must reflect the factors applicable**
 36 **to apportioning an adjustment under IC 6-12-5-5.**

37 **Sec. 3. A political subdivision's controlled tax limit specifies the**
 38 **maximum total amount of controlled taxes that may be imposed in**
 39 **a county in a year for the political subdivision. Subject to section**
 40 **16 of this chapter, an action taken by a political subdivision, the**
 41 **council, or the department of local government is void to the extent**
 42 **that it allows controlled taxes to be imposed in a county in a year**

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1 for a political subdivision that exceeds the political subdivision's
2 controlled tax limit in the county for the year.

3 Sec. 4. A political subdivision's controlled levy limit does not
4 limit the amount of controlled property taxes that a political
5 subdivision may impose in a county in a year. However, the
6 political subdivision's controlled levy limit specifies the maximum
7 total amount of the political subdivision's controlled taxes that is
8 eligible for:

- 9 (1) homestead credits under IC 6-1.1-20.9-2 and property tax
10 replacement credits under IC 6-1.1-21-5; and
- 11 (2) distributions under IC 6-1.1-21 to replace revenue lost
12 from the granting of homestead credits under IC 6-1.1-20.9-2
13 and property tax replacement credits under IC 6-1.1-21-5.

14 Sec. 5. If a county does not pay all of a political subdivision's
15 total allowable tax increase amounts from income taxes the
16 political subdivision may impose a controlled property tax to raise
17 the amount that is not raised from income taxes. However, the
18 additional amount of property taxes is not eligible for:

- 19 (1) homestead credits under IC 6-1.1-20.9-2 and property tax
20 replacement credits under IC 6-1.1-21-5; and
- 21 (2) distributions under IC 6-1.1-21 to replace revenue lost
22 from the granting of homestead credits under IC 6-1.1-20.9-2
23 and property tax replacement credits under IC 6-1.1-21-5.

24 Sec. 6. A political subdivision's allocation of income taxes under
25 IC 6-11-7 is calculated based on the political subdivision's
26 controlled tax limit.

27 Sec. 7. A political subdivision is not required to spend the entire
28 amount of the political subdivision's controlled tax limit for a year
29 or impose property taxes equal to the amount of the political
30 subdivision's controlled levy limit.

31 Sec. 8. The use of controlled income taxes to increase the
32 amount of money in:

- 33 (1) the political subdivision's rainy day fund; or
- 34 (2) another fund that the political subdivision is saving under
35 a written plan approved by the department;

36 does not reduce the political subdivision's controlled tax limit or
37 controlled levy limit.

38 Sec. 9. The use of controlled income taxes as property tax
39 replacement credits, homestead credits, or other credits under
40 IC 6-11-15 does not reduce the political subdivision's controlled tax
41 limit or controlled levy limit.

42 Sec. 10. A temporary adjustment, as determined by the

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1 department, in the amount of controlled income taxes or controlled
2 property taxes that are imposed for a political subdivision is
3 disregarded for purposes of determining the political subdivision's
4 controlled tax limit and controlled levy limit for the following year.

5 **Sec. 11. The application of money from:**

- 6 (1) the political subdivision's rainy day fund;
- 7 (2) an excess revenue fund account;
- 8 (3) excluded income taxes under IC 6-11-9 or IC 6-11-16; or
- 9 (4) another source;

10 to reduce the controlled income taxes or controlled property taxes
11 imposed for the political subdivision in a year shall be treated as a
12 temporary adjustment.

13 **Sec. 12. For purposes of determining a political subdivision's**
14 **controlled tax limit, controlled levy limit, and allocations of**
15 **controlled income taxes, the assignment of controlled income taxes**
16 **under IC 6-11-14 or controlled property taxes to another entity**
17 **shall be treated as if the money were expended by the assigning**
18 **political subdivision.**

19 **Sec. 13. A political subdivision is not prohibited by law from**
20 **using controlled income taxes to pay expenditures for a purpose or**
21 **from a fund when a law imposes a limit at or requires expenditure**
22 **of a specified property tax levy or specified property tax rate. The**
23 **law shall be construed to mean that the total of all controlled**
24 **income taxes and controlled property taxes that may or must be**
25 **expended is the amount that would be raised by the specified levy**
26 **or rate.**

27 **Sec. 14. Regardless of whether a political subdivision's**
28 **controlled tax limit or controlled levy limit would permit a higher**
29 **tax or rate, the controlled taxes that may be imposed in a year for**
30 **a particular fund or purpose may not exceed the maximum tax**
31 **amount or rate specified by law, if any, for the fund or purpose.**

32 **Sec. 15. An unused part of a political subdivision's controlled**
33 **tax limit or controlled levy limit that is attributable to a:**

- 34 (1) family and children's fund;
- 35 (2) children's psychiatric residential treatment services fund;
- 36 or
- 37 (3) school general fund;
- 38 (4) school transportation fund; or
- 39 (5) school bus replacement fund;

40 may not be reallocated and applied to increase the controlled tax
41 limit or controlled levy limit for any other fund or purpose.

42 **Sec. 16. If, as the result of applying the property tax and income**

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1 tax rates certified by the department, more controlled taxes are
2 raised for a political subdivision than the maximum amount
3 allowed under the political subdivision's controlled tax limit, the
4 collection of the excess is valid. The excess shall be treated as excess
5 revenue under IC 6-13-22.

6 Chapter 4. Computation of Controlled Tax and Levy Limits

7 Sec. 1. A political subdivision's controlled tax limit and
8 controlled levy limit for a county are the controlled tax limit and
9 controlled levy limit calculated by the department.

10 Sec. 2. The department shall annually calculate a political
11 subdivision's controlled tax limit and controlled levy limit under
12 this article.

13 Sec. 3. (a) This section does not apply to a school corporation.

14 (b) Subject to any adjustment allowed or required under this
15 article, a political subdivision's controlled tax limit in a county for
16 the ensuing year is equal to the amount determined under STEP
17 SEVEN of the following formula:

18 STEP ONE: Determine the amount of controlled property
19 taxes, as adjusted under IC 6-13-4-10, and controlled income
20 taxes under IC 6-11-7 imposed in the county for the political
21 subdivision for the immediately preceding year, as certified by
22 the department and adjusted to eliminate the:

23 (A) effects of any temporary adjustments in the certified
24 amount; and

25 (B) cumulative effects of any incorrect data, computations,
26 and advertisements on the certified amount;

27 as determined by the department.

28 STEP TWO: Multiply the STEP ONE amount by the greater
29 of the political subdivision's:

30 (A) tax growth quotient; or

31 (B) assessed value growth quotient;

32 for the ensuing year.

33 STEP THREE: Determine the lesser of one and fifteen
34 hundredths (1.15) or the quotient of:

35 (A) the assessed value of all taxable property subject to the
36 political subdivision's controlled property tax levy for the
37 ensuing year; divided by

38 (B) the assessed value of all taxable property that is subject
39 to the political subdivision's controlled property tax levy:

40 (i) for the ensuing year; and

41 (ii) that is contained in the geographic area that was
42 subject to the political subdivision's controlled property

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tax levy in the preceding year.

STEP FOUR: Determine the greater of:

(A) the amount determined in STEP THREE; or

(B) one (1).

STEP FIVE: Multiply the amount determined in STEP TWO by the amount determined in STEP FOUR.

STEP SIX: Add the amount determined under STEP TWO and:

(A) the amount paid by the annexed area during the immediately preceding year for services that the political subdivision must provide to that area during the ensuing year as a result of the annexation, if the boundary change involved an annexation of an area to which the political subdivision provided services on a contractual basis in the immediately preceding year; or

(B) zero dollars (\$0), if:

(i) the boundary change did not involve an annexation of an area to which the political subdivision provided services on a contractual basis in the immediately preceding year; or

(ii) the political subdivision will not continue to provide the services previously provided on a contractual basis in the ensuing year.

STEPSEVEN: Determine the greater of STEP FIVE or STEP SIX.

Sec. 4. A political subdivision's tax growth quotient for the ensuing year is the amount determined under STEP FOUR of the following formula:

STEP ONE: For each of the six (6) years preceding the year by two (2), divide the Indiana nonfarm personal income for the year by the Indiana nonfarm personal income for the year immediately preceding that year, rounding to the nearest one-thousandth (0.001).

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

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

(B) One and six-hundredths (1.06).

Sec. 5. A political subdivision's assessed value growth quotient for the ensuing year is the amount determined under STEP THREE of the following formula:

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1 **STEP ONE: Determine the three (3) years that most**
2 **immediately precede the ensuing year and in which a**
3 **statewide general reassessment of real property does not first**
4 **become effective.**

5 **STEP TWO: Compute separately, for each of the years**
6 **determined in STEP ONE, the quotient (rounded to the**
7 **nearest ten-thousandth (0.0001)) of the:**

8 **(A) sum of:**
9 **(i) the political subdivision's total assessed value of all**
10 **taxable property; plus**
11 **(ii) the total assessed value of property tax deductions in**
12 **the political subdivision under IC 6-1.1-12-41 or**
13 **IC 6-1.1-12-42;**

14 **in the particular year; divided by**
15 **(B) the sum of:**

16 **(i) the political subdivision's total assessed value of all**
17 **taxable property; plus**
18 **(ii) the total assessed value of property tax deductions in**
19 **the political subdivision under IC 6-1.1-12-41 or**
20 **IC 6-1.1-12-42;**

21 **in the year immediately preceding the particular year.**
22 **STEP THREE: Divide the sum of the three (3) quotients**
23 **computed in STEP TWO by three (3).**

24 **Sec. 6. (a) A separate controlled tax limit shall be computed for**
25 **each of the following:**

- 26 **(1) The school corporation's school general fund and charter**
27 **schools under IC 6-1.1-19-1.5.**
- 28 **(2) The school corporation's transportation fund under**
29 **IC 21-2-11.5-3.**
- 30 **(3) The school corporation's school bus replacement fund**
31 **under IC 21-2-11.5-3.**

32 **(b) A school corporation's controlled tax limit for the:**

- 33 **(1) school corporation's school general fund and charter**
34 **schools under IC 6-1.1-19-1.5 is the maximum controlled tax**
35 **that may be imposed in the county under IC 6-1.1-19-1.5;**
- 36 **(2) school corporation's transportation fund under**
37 **IC 21-2-11.5-3 is the maximum controlled tax that may be**
38 **imposed in the county under IC 21-2-11.5-3; and**
- 39 **(3) school corporation's school bus replacement fund under**
40 **IC 21-2-11.5-3 is the maximum controlled tax that may be**
41 **imposed in the county under IC 21-2-11.5-3.**

42 **Sec. 7. The department shall compute a controlled tax limit for**

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1 each political subdivision that imposed a property tax in 2005 as if
2 this chapter applied to the political subdivision in 2005. The
3 controlled tax limit computed under this section shall be used in
4 computing a political subdivision's:

- 5 (1) 2006 controlled tax limit under section 3 of this chapter;
- 6 and
- 7 (2) annual controlled tax increase that is eligible to be funded
- 8 from income taxes under IC 6-11.

9 **Sec. 8. The 2005 controlled tax limit for a political subdivision,**
10 **other than a school corporation, is the sum of the following:**

11 (1) The remainder, without any adjustment under
12 IC 6-13-4-10, of the total amount of property taxes certified
13 by the department to be imposed in the county for the
14 political subdivision in 2005:

- 15 (A) after deducting the property taxes attributable to
- 16 excluded taxes, as certified by the department; and
- 17 (B) adjusted to eliminate the:
 - 18 (i) cumulative effects of any temporary adjustments in
 - 19 the certified amount; and
 - 20 (ii) cumulative effects of any incorrect data,
 - 21 computations, and advertisements on the certified
 - 22 amount;
- 23 as determined by the department.

24 (2) The amounts, if any, of county adjusted gross income taxes
25 (before its repeal) that were applied by the taxing units in the
26 county as property tax replacement credits to reduce the
27 individual levies of the taxing units, as provided in
28 IC 6-3.5-1.1 (before its repeal) in 2005.

29 (3) The amounts, if any, by which the maximum permissible
30 ad valorem property tax levies of the taxing units of the
31 county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT
32 (before its repeal) in 2005.

- 33 (5) The difference between:
 - 34 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP
 - 35 FOUR (before its repeal); minus
 - 36 (B) the amount the civil taxing units' levies were increased
 - 37 because of the reduction in the civil taxing units' base year
 - 38 certified shares under IC 6-1.1-18.5-3(e) (before its repeal);
 - 39 in 2005.

40 **Sec. 9. A school corporation's 2005 controlled tax limit is the**
41 **school corporation's controlled tax limit, as determined under**
42 **section 6 of this chapter for 2005.**

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1 **Sec. 10. Except as permitted to be increased under IC 6-12-5-6,**
2 **a political subdivision's controlled levy limit for the ensuing year**
3 **is the lesser of the following:**

- 4 **(1) The political subdivision's controlled levy limit for the**
5 **immediately preceding year.**
- 6 **(2) The political subdivision's controlled tax limit for the**
7 **ensuing year.**

8 **Sec. 11. The department shall compute a controlled levy limit**
9 **for each political subdivision that imposed a property tax in 2005**
10 **as if this chapter applied to the political subdivision in 2005. The**
11 **controlled levy limit computed under this section shall be used in**
12 **computing a political subdivision's:**

- 13 **(1) 2006 controlled levy limit under section 10 of this chapter;**
14 **and**
- 15 **(2) annual controlled tax increase that is eligible to be funded**
16 **from income taxes under IC 6-11.**

17 **Sec. 12. A political subdivision's 2005 controlled levy limit is**
18 **equal to the political subdivision's 2005 controlled tax limit.**

19 **Sec. 13. (a) This section applies to the determination of the**
20 **controlled tax limit and controlled levy limit for a political**
21 **subdivision:**

- 22 **(1) for which no certified taxes were imposed in the**
23 **immediately preceding year; and**
- 24 **(2) that existed on March 1 of the preceding year.**

25 **(b) The controlled tax limit for a political subdivision described**
26 **in subsection (a) in the ensuing year is the amount certified under**
27 **subsection (c).**

28 **(c) The political subdivision shall refer its proposed budget for**
29 **the ensuing year to the department before July 2 of the**
30 **immediately preceding year. The department shall make the final**
31 **determination concerning the political subdivision's budget,**
32 **controlled levy limit, and controlled tax limit for the ensuing year**
33 **before the immediately following August 2. The amount certified**
34 **under this section is the political subdivision's controlled levy limit**
35 **and controlled tax limit for the ensuing year.**

36 **Chapter 5. Adjustments**

37 **Sec. 1. The department may make an adjustment for any of the**
38 **reasons specified in this article or IC 6-13. The department may**
39 **increase a controlled levy limit only as permitted under section 6**
40 **of this chapter.**

41 **Sec. 2. Subject to this article, an adjustment under this article**
42 **may be made on the department's own motion or after an appeal**

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1 under IC 6-13. To the extent possible, the department shall make
2 adjustments required by this article before certifying a political
3 subdivision's controlled tax limit and controlled tax levy to the
4 political subdivision under IC 6-13-5.

5 **Sec. 3. An adjustment may be a:**

6 (1) permanent adjustment that affects the computation of the
7 political subdivision's controlled tax limit or controlled tax
8 levy, or both, in all future years; or

9 (2) temporary adjustment that affects the computation of the
10 political subdivision's controlled tax limit or controlled tax
11 levy, or both, in only the years specified by the department;

12 as determined by the department. The department may make an
13 adjustment as a temporary adjustment only if the department
14 determines that a law specifies that the adjustment is temporary,
15 a permanent adjustment is not reasonably necessary to carry out
16 the continuing governmental responsibilities of a political
17 subdivision, or the conditions that justify the adjustment will not
18 have a continuing effect on the political subdivision.

19 **Sec. 4. If an adjustment is temporary, the department shall**
20 **determine the years to which the adjustment applies.**

21 **Sec. 5. If a political subdivision is located in more than one (1)**
22 **county and an adjustment is not directly related to the controlled**
23 **taxes raised in a particular county, the department may apportion**
24 **the adjustment among the counties in which the political**
25 **subdivision is located in proportion to any of the following:**

26 (1) Each county's share of the controlled taxes certified by the
27 department for the political subdivision in the immediately
28 preceding year, as determined without considering the
29 adjustment.

30 (2) Each county's share of the assessed valuation of taxable
31 property in the political subdivision, if an apportionment
32 under subdivision (1) does not justly reflect the obligation of
33 each county to provide funding for the political subdivision.

34 (3) The cost of the services provided to each county, if an
35 apportionment under subdivisions (1) and (2) do not justly
36 reflect the obligation of each county to provide funding for the
37 political subdivision.

38 (4) Any other formula that justly reflects the obligation of
39 each county to provide funding for the political subdivision,
40 if an apportionment under subdivisions (1) through (3) do not
41 justly reflect the obligation of each county to provide funding
42 for the political subdivision.

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1 **Sec. 6. The department may increase a political subdivision's**
2 **controlled levy limit only:**

3 (1) as allowed under IC 6-11-4-13 concerning the
4 establishment a controlled tax limit and controlled levy limit
5 for a new political subdivision;

6 (2) to make a temporary adjustment to fund a shortfall in
7 property taxes or correct the cumulative effects of incorrect
8 data, computations, or advertisements on property taxes in
9 appropriate circumstances; or

10 (3) by the amount by which another political subdivision's
11 controlled levy limit is reduced.

12 A political subdivision's controlled tax limit is increased by the
13 amount and for the years that an increase is granted under this
14 section.

15 **Sec. 7. An adjustment under this article or IC 6-13 is subject to**
16 **judicial review in the same manner as an appeal under IC 6-13.**

17 **Sec. 8. The department may make an adjustment if a political**
18 **subdivision, in an appeal filed under IC 6-13, demonstrates that the**
19 **political subdivision cannot carry out the governmental functions**
20 **committed to it by law without the adjustment unless the political**
21 **subdivision is given the authority for which it petitions. The**
22 **amount of the adjustment is that which is reasonably necessary for**
23 **the political subdivision to carry out its governmental functions**
24 **committed to it by law.**

25 **Sec. 9. The department may make an adjustment if a political**
26 **subdivision, in an appeal filed under IC 6-13, demonstrates that the**
27 **adjustment is reasonably necessary to fund the operation of:**

28 (1) a new facility opened by the political subdivision after
29 December 31, 1972; or

30 (2) an existing facility that has not been used for at least three

31 (3) years and that is being reopened by the political
32 subdivision after July 1, 1988.

33 The adjustment, if approved, shall be an amount equal to the
34 increase in costs resulting from the activity described in
35 subdivision (1) or (2). In determining the amount of the increased
36 costs, the department shall consider the costs to the political
37 subdivision of complying with safety, health, space, heat, or
38 lighting standards required by state or federal law or regulation
39 and the other physical operation costs that in the opinion of the
40 department justify an adjustment.

41 **Sec. 10. The department may make an adjustment if a political**
42 **subdivision, in an appeal filed under IC 6-13, demonstrates that the**

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1 adjustment is reasonably necessary due to increased costs of the
2 political subdivision resulting from:

- 3 (1) annexation;
- 4 (2) consolidation; or
- 5 (3) other extensions of governmental services by the political
6 subdivision to additional geographic areas or persons.

7 The amount of the adjustment is the amount reasonably necessary
8 to pay the increased costs.

9 Sec. 11. The department may make an adjustment to eliminate
10 the effects of temporary adjustments made by the department.

11 Sec. 12. Subject to section 13 of this chapter, the department
12 may make an adjustment to eliminate the cumulative effects of
13 incorrect data, computations, or advertisements on controlled
14 taxes. If the adjustment is made for an ensuing year after income
15 tax rates have been certified, the department may order a
16 distribution from the political subdivision's rainy day fund for the
17 ensuing year to replace the amount lost in the ensuing year as a
18 result of the incorrect data, computations, or advertisements.

19 Sec. 13. The primary method of funding a shortfall is to order
20 a distribution from the rainy day fund to cover the shortfall. The
21 amount used to cover the shortfall would be replaced through the
22 imposition of an excluded income tax under IC 6-11-9 in the years
23 determined by the department. However, for good cause, the
24 department may make an adjustment to eliminate the effects of a
25 shortfall of controlled taxes.

26 Sec. 14. The department may make a temporary adjustment to
27 eliminate a political subdivision's excessive cash balances:

- 28 (1) that a political subdivision:
 - 29 (A) has accumulated; or
 - 30 (B) will accumulate in the ensuing year if an adjustment is
31 not made under this section; and
- 32 (2) that are available for the purposes for which a controlled
33 tax would otherwise be imposed.

34 Sec. 15. The department may not consider any of the following
35 as excessive cash balances:

- 36 (1) Money in a political subdivision's rainy day fund under
37 IC 36-1-8-5.1.
- 38 (2) Money that is being accumulated by a political subdivision
39 in a rainy day fund or for another purpose approved by the
40 department.
- 41 (3) Gifts, bequests, and grants from a private individual, the
42 federal government, or another entity.

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1 (4) Money designated in a law as miscellaneous revenue or
2 otherwise designated by law or rule of the department as
3 revenue that is not to be considered in determining a political
4 subdivision's controlled tax limit.

5 (5) Excluded taxes.

6 (6) The proceeds of bonds or other obligations approved by
7 the department.

8 Sec. 16. The department shall consider money in a political
9 subdivision's excess revenue fund account under IC 6-13-22 as an
10 excessive cash balance.

11 Sec. 17. The department may make an adjustment to reflect a
12 reduction in the:

- 13 (1) political subdivision's services;
- 14 (2) political subdivision's cost of services; or
- 15 (3) geographic areas or persons served by the political
- 16 subdivision.

17 Sec. 18. The department shall make the adjustments reasonably
18 necessary to do the following:

- 19 (1) To pay the principal or interest on an obligation to meet
- 20 the requirements of the family and children's fund for child
- 21 services (as defined in IC 12-19-7-1) other than loans and
- 22 bonds payable under IC 6-15-3-8.
- 23 (2) To pay the principal or interest on an obligation to meet
- 24 the requirements of the children's psychiatric residential
- 25 treatment services fund for children's psychiatric residential
- 26 treatment services (as defined in IC 12-19-7.5-1) other than
- 27 loans and bonds payable under IC 6-15-3-8.

28 Chapter 6. Additional Relief and Requirements

29 Sec. 1. If grounds exist for an adjustment under this article or
30 IC 6-13, the department may do any of the following:

- 31 (1) Order a transfer of money from the political subdivision's
- 32 rainy day fund under IC 36-1-8-5.1 to temporarily replace the
- 33 amount of the shortfall.
- 34 (2) Order a transfer from the political subdivision's excess
- 35 revenue fund account.
- 36 (3) Grant any necessary permission for a grant or grants from
- 37 any funds of the state that are available for the purpose.
- 38 (4) Grant any necessary permission for a loan or loans from
- 39 any funds of the state that are available for the purpose.
- 40 (5) Grant any necessary permission for the political
- 41 subdivision to borrow funds from a source other than the
- 42 state or any necessary assistance in obtaining the loan.

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(6) Grant any necessary permission for an advance or advances of funds that will become payable to the political subdivision under any law providing for the payment of state funds to the political subdivision.

(7) Grant permission to the political subdivision to:

(A) cancel any unpaid obligation of the political subdivision's general fund to the political subdivision's cumulative building fund; or

(B) use, for general fund purposes, any unobligated balance in the political subdivision's cumulative building fund and the proceeds of any levy made or to be made by the political subdivision for the political subdivision's cumulative building fund.

(8) Grant permission, subject to any agreement with the bondholders, to use, for general fund purposes, any unobligated balance in any construction fund, including any unobligated proceeds of a sale of the political subdivision's general obligation bonds.

Sec. 2. (a) This section applies only to a school corporation.

(b) This section does not apply to an adjustment granted for any of the following:

(1) An adjustment for the transportation fund that is necessary because of a transportation operating cost increase of at least ten percent (10%) over the preceding year as a result of at least one (1) of the following:

(A) A fuel expense increase.

(B) A significant increase in the number of students enrolled in the school corporation who need transportation or a significant increase in the mileage traveled by the school corporation's buses due to students enrolled in the school corporation as compared to the previous year.

(C) A significant increase in the number of students enrolled in special education who need transportation or a significant increase in the mileage traveled by the school corporation's buses due to students enrolled in special education as compared to the previous year.

(D) Increased transportation operating costs due to compliance with a court ordered desegregation plan.

(E) The closure of a school building within the school corporation that results in a significant increase in the distances that students must be transported to attend school in another school building.

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(2) An adjustment that is necessary because the amount of total revenue actually received or estimated to be received by the school corporation on behalf of students transferring to the school corporation is less than the total transfer tuition payments actually made or estimated to be made on behalf of students transferring from the school corporation.

(c) Every school corporation with respect to which the department authorizes an adjustment under IC 6-12-5-8 is, if the school corporation accepts the adjustment, the school corporation is prohibited throughout any year in which or for which the school corporation receives the adjustment from taking any of the prohibited actions described in this section without the prior approval of the department.

(d) The prohibited actions are any of the following:

(1) The acquisition of real estate for school building purposes, the construction of new school buildings, or the remodeling or renovation of existing school buildings.

(2) The making of a lease of real or personal property for an annual rental or the incurring of any other contractual obligation (except an employment contract for a new employee, which contract is to supersede the contract of a terminating employee) calling for an annual outlay by the school corporation in excess of ten thousand dollars (\$10,000).

(3) The purchase of personal property for a consideration in excess of ten thousand dollars (\$10,000).

(4) The adoption or advertising of a budget, tax levy, or tax rate for any year.

(e) If a school corporation subject to the controls described in this section takes any of the actions described in subsection (d) without having obtained the prior approval of the department, the department may take appropriate steps to reduce or terminate any adjustment granted under IC 6-12-5 or any other relief granted under section 1 of this chapter.

Sec. 3. (a) In addition to, or instead of, any adjustment under IC 6-12-5, the department may permit a school corporation to make a referendum tax levy for the ensuing year under this section if a majority of the individuals voting in a referendum held in the school corporation approves the school corporation making a referendum tax levy.

(b) If the school corporation requests that the department take the steps necessary to cause a referendum to be conducted, the department shall proceed as follows:

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(1) The question to be submitted to the voters in the referendum must read as follows:

"For the __ (insert number) year or years immediately following the holding of the referendum, shall the school corporation impose a property tax rate that does not exceed _____ (insert amount) cents (\$0. __) (insert amount) on each one hundred dollars (\$100) of assessed valuation and that is in addition to the school corporation's normal tax rate?".

The voters in a referendum may not approve a referendum tax levy that is imposed for more than seven (7) years. However, a referendum tax levy may be reimposed or extended under this section.

(2) The department shall act under IC 3-10-9-3 to certify the question to be voted on at the referendum to the county election board of each county in which any part of the school corporation lies. Each county clerk shall, upon receiving the question certified by the department, call a meeting of the county election board to make arrangements for the referendum. The referendum shall be held in the next primary or general election in which all the registered voters who are residents of the school corporation are entitled to vote after certification of the question under IC 3-10-9-3. However, if the referendum would be held at a primary or general election more than six (6) months after certification by the department, the referendum shall be held at a special election to be conducted not less than ninety (90) days after the question is certified to the circuit court clerk or clerks by the department. The school corporation shall notify each affected county election board of the date on which the school corporation desires that the referendum be held, and, if practicable, the referendum shall be held on the day specified by the school corporation. The referendum shall be held under the direction of the county election board, which shall take all steps necessary to carry out the referendum. If a primary election, general election, or special election is held during the sixty (60) days preceding or following the special election described in this subdivision and is held in an election district that includes some, but not all, of the school corporation, the county election board may also adopt orders to specify when the registration period for the elections cease and resume under IC 3-7-13-10. Not less than ten (10) days

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before the date on which the referendum is to be held, the county election board shall cause notice of the question that is to be voted upon at the referendum to be published in accordance with IC 5-3-1. If the referendum is not conducted at a primary or general election, the school corporation in which the referendum is to be held shall pay all the costs of holding the referendum.

(3) Each county election board shall cause the question certified to the circuit court clerk by the tax control board to be placed on the ballot in the form prescribed by IC 3-10-9-4. The county election board shall also cause an adequate supply of ballots and voting equipment to be delivered to the precinct election board of each precinct in which the referendum is to be held.

(4) The individuals entitled to vote in the referendum are all the registered voters resident in the school corporation.

(5) Each precinct election board shall count the affirmative votes and the negative votes cast in the referendum and shall certify those two (2) totals to the county election board of each county in which the referendum is held. The circuit court clerk of each county shall, immediately after the votes cast in the referendum have been counted, certify the results of the referendum to the department. If a majority of the individuals who voted in the referendum voted "yes" on the referendum question, the department, upon being notified of the result of the referendum, shall take prompt and appropriate steps to notify the school corporation that the appellant school corporation is authorized to collect, for the year that next follows the year in which the referendum is held, a referendum tax levy not greater than the amount approved in the referendum. The referendum tax levy may be imposed for the number of years approved by the voters following the referendum for the school corporation in which the referendum is held. If a majority of the individuals who voted in the referendum voted "yes" on the referendum question, the school corporation shall establish a referendum tax levy fund under IC 21-2-11.6. A school corporation's referendum tax levy may not be considered in the determination of the school corporation's state tuition support under IC 21-3-1.7 or the determination of the school corporation's controlled levy limit or controlled tax limit under this article and IC 21-3-1.7. If a majority of the persons who voted in the

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1 referendum did not vote "yes" on the referendum question,
2 the school corporation may not make any referendum levy for
3 its general fund, and another referendum under this section
4 may not be held for a period of one (1) year after the date of
5 the referendum.

6 **Sec. 4. With respect to any political subdivision to which a loan**
7 **or an advance of state funds is made under section 1 of this**
8 **chapter, or for which a loan or an advance is recommended under**
9 **section 1 of this chapter for purposes other than for the purpose of**
10 **remediating a shortfall under IC 6-13-17-3, the department may**
11 **authorize an additional excluded property tax levy for a specified**
12 **year solely for the purpose of enabling the political subdivision to**
13 **repay the loan or advance. The department shall, in the**
14 **department's order, specify the amount of the authorized**
15 **additional excluded property tax levy and take appropriate steps**
16 **to ensure that the amount of the proceeds of the additional**
17 **excluded property tax levy that should be used for loan repayment**
18 **purposes is not used for any other purpose. The department may**
19 **not exercise the power described in this section for a particular**
20 **subdivision for more than one (1) year in any period of four (4)**
21 **consecutive years.**

22 SECTION 71. IC 6-13 IS ADDED TO THE INDIANA CODE AS
23 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
24 2005]:

25 **ARTICLE 13. FIXING BUDGETS AND BUDGET REVENUES**

26 **Chapter 1. Definitions**

27 **Sec. 1. The definitions in IC 6-1.1, IC 6-11, and IC 36-1-2 apply**
28 **throughout this article.**

29 **Sec. 2. The definitions in this chapter apply throughout this**
30 **article.**

31 **Sec. 3. "Income tax" refers to a county income tax imposed**
32 **under IC 6-11.**

33 **Chapter 2. Exempt Political Subdivisions**

34 **Sec. 1. This article applies to the imposition of controlled taxes**
35 **and excluded taxes.**

36 **Sec. 2. This article applies to a political subdivision only if the**
37 **political subdivision is granted the power by another law to impose**
38 **a property tax, regardless of whether the political subdivision**
39 **imposes a property tax.**

40 **Sec. 3. The budget of a political subdivision that:**

- 41 (1) does not have the power to impose a property tax; and
- 42 (2) is a special taxing district, an authority, a board, or other

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1 entity formed to discharge governmental services or functions
2 on behalf of or ordinarily attributable to a political
3 subdivision that has the power to impose a property tax;
4 **must be included, in the manner specified by the department, in the**
5 **budget presented by political subdivision with the power to impose**
6 **a property tax.**

7 **Chapter 3. Local Government Tax Control Board**

8 **Sec. 1. As used in this chapter, "board" refers to the local**
9 **government tax control board.**

10 **Sec. 2. The local government tax control board is established.**

11 **Sec. 3. Except in matters related to school construction, school**
12 **bonds, and school leases, the board consists of seven (7) voting**
13 **members and two (2) nonvoting members. In the case of matters**
14 **related to school construction, bonds, and leases, the board consists**
15 **of eleven (11) voting members and two (2) nonvoting members.**

16 **Sec. 4. Seven (7) voting members of the board shall be appointed**
17 **as follows:**

- 18 (1) One (1) member appointed by the state board of accounts.
- 19 (2) One (1) member appointed by the department.
- 20 (3) Five (5) members appointed by the governor. Three (3) of
- 21 the members appointed by the governor must be citizens of
- 22 Indiana who do not hold a political or an elective office in
- 23 state or local government. The governor may seek the
- 24 recommendation of representatives of the cities, towns, and
- 25 counties before appointing two (2) members to the board. The
- 26 governor may seek the recommendation of the state
- 27 superintendent of public instruction with regard to one (1) of
- 28 the governor's appointments.

29 **Sec. 5. The additional members of the board for purposes of**
30 **matters related to school construction, bonds, and leases shall be**
31 **appointed as follows:**

- 32 (1) One (1) member, appointed by the president pro tempore
- 33 of the senate, who must be a business official of a school
- 34 corporation and is not employed by a school corporation that
- 35 is undergoing a construction project.
- 36 (2) One (1) member, appointed by the president pro tempore
- 37 of the senate, who must be an engineer knowledgeable in the
- 38 construction of school buildings but who is not actively
- 39 employed by an engineering firm that is involved in a school
- 40 building construction project or who is not otherwise a party
- 41 to a contract for engineering services for a school building
- 42 construction project.

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1 (3) One (1) member, appointed by the speaker of the house of
2 representatives, who must be an architect knowledgeable in
3 the design of school buildings but who is not actively
4 employed by an architectural firm that is involved in a school
5 building construction project or who is not otherwise a party
6 to a contract for architectural services for a school building
7 construction project.

8 (4) One (1) member, appointed by the speaker of the house of
9 representatives, who must be a financial adviser who is not
10 actively employed as a financial adviser to a school
11 corporation that is involved in a school building construction
12 project or who is not otherwise a party to a contract for
13 financial advisory services for a school building construction
14 project.

15 Sec. 6. The nonvoting members of the board shall be appointed
16 as follows:

17 (1) One (1) member of the house of representatives, appointed
18 by the speaker of the house.

19 (2) One (1) member of the senate, appointed by the president
20 pro tempore of the senate.

21 Sec. 7. A member of the board serves at the will of the member's
22 appointing authority.

23 Sec. 8. The board shall annually hold an organizational meeting.
24 At this organizational meeting, the board shall elect a chairperson
25 and a secretary from its membership. The board shall meet after
26 each organizational meeting as often as its business requires.

27 Sec. 9. The department shall provide the board with rooms,
28 staff, and secretarial assistance for its meetings.

29 Sec. 10. (a) Members of the board serve without compensation,
30 except as provided in this section.

31 (b) Each member of the board who is not a state employee is
32 entitled to receive both of the following:

33 (1) The minimum salary per diem provided by
34 IC 4-10-11-2.1(b).

35 (2) Reimbursement for travel expenses and other expenses
36 actually incurred in connection with the member's duties, as
37 provided in the state travel policies and procedures
38 established by the Indiana department of administration and
39 approved by the budget agency.

40 (c) Each member of the board who is a state employee is entitled
41 to reimbursement for travel expenses and other expenses actually
42 incurred in connection with the member's duties, as provided in the

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1 state travel policies and procedures established by the Indiana
2 department of administration and approved by the budget agency.

3 Sec. 11. To carry out its responsibilities, the local government
4 tax control board has the power to:

- 5 (1) conduct hearings; and
- 6 (2) require any officer or member of a political subdivision to:
 - 7 (A) appear before the local government control board; or
 - 8 (B) provide the local government control board with any
 - 9 relevant records or books.

10 Sec. 12. If an officer or a member:

- 11 (1) fails to appear at a hearing of the local government tax
- 12 control board after having been given written notice from the
- 13 local government tax control board requiring attendance of
- 14 the officer or member; or
- 15 (2) fails to produce for the local government tax control
- 16 board's use the books and records that the local government
- 17 tax control board by written notice required the officer or
- 18 member to produce;

19 the local government tax control board may file an affidavit in the
20 circuit court in the jurisdiction in which the officer or member may
21 be found setting forth the facts of the failure.

22 Sec. 13. Upon the filing of an affidavit under section 12 of this
23 chapter, the circuit court shall promptly issue a summons, and the
24 sheriff of the county within which the circuit court is sitting shall
25 serve the summons. The summons must command the officer or
26 member to:

- 27 (1) appear before the board;
- 28 (2) provide information to the board; or
- 29 (3) produce books and records for the board's use;

30 as the case may be.

31 Sec. 14. Disobedience of the summons constitutes, and is
32 punishable as, a contempt of the circuit court that issued the
33 summons.

34 Sec. 15. All expenses incident to the filing of an affidavit under
35 section 12 of this chapter and the issuance and service of a
36 summons shall be charged to the officer or member against whom
37 the summons is issued, unless the circuit court finds that the officer
38 or member was acting in good faith and with reasonable cause. If
39 the circuit court finds that the officer or member was acting in
40 good faith and with reasonable cause or if an affidavit is filed and
41 no summons is issued, the expenses shall be charged against the
42 county in which the affidavit was filed and shall be allowed by the

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proper fiscal officers of that county.

- Sec. 16. In considering an appeal, the board has the power to:**
- (1) conduct hearings; and**
 - (2) require any officer or member of a political subdivision to:**
 - (A) appear before the board; or**
 - (B) provide the board with any relevant records or books.**

- Sec. 17. If an officer or a member:**
- (1) fails to appear at a hearing of the board after having been given written notice from the board requiring attendance of the officer or member; or**
 - (2) fails to produce for the board's use the books and records that the board by written notice required the officer or member to produce;**

the board may file an affidavit in the circuit court in the jurisdiction in which the officer or member may be found setting forth the facts of the failure.

Sec. 18. Upon the filing of an affidavit under section 17 of this chapter, the circuit court shall promptly issue a summons, and the sheriff of the county within which the circuit court is sitting shall serve the summons. The summons must command the officer or member to:

- (1) appear before the board;**
- (2) provide information to the board; or**
- (3) produce books and records for the board's use;**

as the case may be.

Sec. 19. Disobedience of the summons constitutes, and is punishable as, a contempt of the circuit court that issued the summons.

Sec. 20. All expenses incident to the filing of an affidavit under section 17 of this chapter and the issuance and service of a summons shall be charged to the officer or member against whom the summons is issued, unless the circuit court finds that the officer or member was acting in good faith and with reasonable cause. If the circuit court finds that the officer or member was acting in good faith and with reasonable cause or if an affidavit is filed and no summons is issued, the expenses shall be charged against the county in which the affidavit was filed and shall be allowed by the proper fiscal officers of that county.

Chapter 4. General Provisions

Sec. 1. Except as provided by this article, a political subdivision may not expend money that is not appropriated in conformity with this article.

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1 **Sec. 2. Except as corrected under IC 6-13-5 or adjusted under**
2 **another provision of this article, the appropriation of any**
3 **combination of:**

- 4 (1) **property taxes; or**
 - 5 (2) **income taxes;**
- 6 **may not exceed the amount of income taxes and the property taxes**
7 **advertised under IC 6-13-7.**

8 **Sec. 3. A:**

- 9 (1) **political subdivision's budget, property taxes, property tax**
10 **rates, and allocations of income tax; and**
- 11 (2) **county's income tax and income tax rate;**

12 **for the ensuing year must be imposed or made at the amount or**
13 **rate certified by the department, as adjusted after any appeal to**
14 **the tax court as allowed by law. The excess is void.**

15 **Sec. 4. The excess of an expenditure that does not comply with**
16 **section 1 of this chapter or the part of a tax that exceeds an amount**
17 **or a rate permitted under sections 2 and 3 of this chapter is void.**

18 **Sec. 5. The department may prescribe the forms that must be**
19 **used and the information to be included in forms used under this**
20 **article. A form prescribed by the department must be approved by**
21 **the state board of accounts.**

22 **Sec. 6. The department may delay the time in which any action**
23 **required under this article must be completed for just cause. Notice**
24 **of the delay must be given to the affected political subdivisions.**

25 **Sec. 7. A political subdivision shall:**

- 26 (1) **use the forms prescribed by the department and approved**
27 **by the state board of accounts; and**
- 28 (2) **comply with any change in a deadline made under section**
29 **6 of this chapter.**

30 **Sec. 8. The department shall enforce this article, IC 6-11,**
31 **IC 6-12, IC 6-14, IC 6-15, and all other laws governing budgets and**
32 **the imposition of property taxes and income taxes by a political**
33 **subdivision or the council.**

34 **Sec. 9. To the extent waived by the department, failure of the**
35 **council, a political subdivision, the local government control board,**
36 **or the department to complete any action within the time or time**
37 **limits provided by this article or any other law does not invalidate**
38 **any expenditure, tax, or tax rate. In exercising any waiver under**
39 **this section, the department shall give taxpayers a reasonable**
40 **opportunity to appeal budgets, taxes, and tax rates under this**
41 **article.**

42 **Sec. 10. After 2005, for the purposes of certifying property taxes**

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1 and property tax rates and applying homestead credits and
2 property tax replacement credits:

- 3 (1) the department;
- 4 (2) county auditors; and
- 5 (3) county treasurers;

6 shall compute, apply, and bill property taxes, property tax,
7 homestead credits, and property tax replacement credits rates in
8 counties that received a certified distribution of county adjusted
9 gross income tax in 2005 the same way that the department
10 calculates and applies property taxes, property tax rates,
11 homestead credits, and property tax replacement credits in other
12 counties.

13 Sec. 11. The department may establish the method by which
14 calculations for controlled tax limits, controlled levy limits, total
15 allowable tax increase amounts, annual controlled tax increases,
16 taxes, tax rates, allocations, distributions, property tax
17 replacement credits, homestead credits, and other related matters
18 are rounded whenever a law does not establish the method for
19 rounding.

20 Chapter 5. Exchange of Revenue Data and Assumptions;
21 Correction of Errors

22 Sec. 1. Each year before July 2 or a later date specified by the
23 department, a county auditor shall certify to the department the
24 property tax and assessed value information specified by the
25 department.

26 Sec. 2. Each year before August 2, the department shall certify
27 the following information for each political subdivision:

- 28 (1) The political subdivision's controlled tax limit for the
29 current year and the political subdivision's controlled tax
30 limit for the ensuing year, as determined before granting any
31 appeals under IC 6-13-13 or making any corrections under
32 this chapter.
- 33 (2) The political subdivision's controlled levy limit for the
34 current year and the political subdivision's controlled levy
35 limit for the ensuing year.
- 36 (3) The political subdivision's annual controlled tax increase
37 for the ensuing year and the political subdivision's total
38 allowable tax increase amount for all years after 2005.
- 39 (4) The total amount that must be deposited in the political
40 subdivision's rainy day fund and an estimate of the excluded
41 income tax that must be imposed in the ensuing year to raise
42 the amount of the deposit and the part of the amount imposed

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1 for the rainy day fund that is attributable to replacing
 2 amounts expended to fund shortfalls, appeals, or eliminate the
 3 effects of incorrect data, computations and advertisements.
 4 (5) An estimate of the controlled income tax rate and excluded
 5 tax rate increases in the county that are necessary to the sum
 6 of the annual controlled tax increases and excluded tax
 7 increases that must be imposed in the ensuing year for all
 8 political subdivisions in the county.
 9 (6) Any other information that the department determines is
 10 necessary for the political subdivision to adopt a budget,
 11 taxes, and tax rates.

12 Sec. 3. A separate calculation must be made under section 2 of
 13 this chapter for each county in which a political subdivision is
 14 located. The calculation for a county applies only to the part of the
 15 political subdivision that is located in the county.

16 Sec. 4. The department of state revenue and the budget agency
 17 shall assist the department in forecasting and computing income
 18 tax information.

19 Sec. 5. The information certified under section 2 of this chapter
 20 must be distributed to the:

21 (1) fiscal officer of the political subdivision; and
 22 (2) county auditor of each county in which the political
 23 subdivision is located.

24 Sec. 6. The department shall provide with all tax rates, tax
 25 amounts, and other calculations distributed to a county auditor or
 26 political subdivision the supporting work papers needed to verify
 27 the accuracy and completeness of the tax rates, tax amounts, and
 28 other calculations.

29 Sec. 7. Each year before August 2, a county auditor shall send
 30 a certified statement, under the seal of the board of county
 31 commissioners, to the fiscal officer of each political subdivision of
 32 the county and the department. The statement must contain at
 33 least the following:

34 (1) Information concerning the assessed valuation in the
 35 political subdivision for the ensuing year.
 36 (2) An estimate of the taxes to be distributed to the political
 37 subdivision during the last six (6) months of the current year.
 38 (3) The current assessed valuation as shown on the abstract of
 39 charges.
 40 (4) The average growth in assessed valuation in the political
 41 subdivision over the preceding three (3) years, excluding years
 42 in which a general reassessment occurs, determined according

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- 1 to procedures established by the department.
- 2 (5) The balance in the political subdivision's excess revenue
- 3 fund account.
- 4 (6) Any other information at the disposal of the county
- 5 auditor that might affect the assessed value used in the budget
- 6 adoption process.

7 **Sec. 8. The estimate of taxes to be distributed under section 7 of**
 8 **this chapter must be based on:**

- 9 (1) the abstract of taxes levied and collectible for the current
- 10 year, less any taxes previously distributed for the year; and
- 11 (2) any other information at the disposal of the county auditor
- 12 that might affect the estimate.

13 **Sec. 9. The fiscal officer of each political subdivision shall**
 14 **review and present the information received under this chapter to**
 15 **the proper officers of the political subdivision.**

- 16 **Sec. 10. If any information:**
- 17 (1) certified under this chapter;
 - 18 (2) distributed by the department to a council, county auditor,
 - 19 or political subdivision under any law;
 - 20 (3) distributed by the county auditor to a council, a political
 - 21 subdivision, or the department under any law; or
 - 22 (4) distributed by a political subdivision to a council, the
 - 23 county auditor, another political subdivision, or the
 - 24 department under any law;

25 relating to property taxes or income taxes contains an error, the
 26 authority distributing the information may correct the error by
 27 distributing an amended statement identifying the changes being
 28 made and the source of the error. If a fiscal officer discovers an
 29 error, the fiscal office shall notify the authority distributing the
 30 information to resolve the error.

31 **Sec. 11. (a) The department may adjust taxes, tax rates, budgets,**
 32 **allocations, distributions, property tax replacement credits,**
 33 **homestead credits, controlled levy limits, and controlled tax limits,**
 34 **order a temporary distribution from a political subdivision's rainy**
 35 **day fund, or take any other action, as necessary, to eliminate the**
 36 **cumulative effect of incorrect data, computations, or**
 37 **advertisements if the proposed adjustment:**

- 38 (1) either:
- 39 (A) is based on information first obtained by the political
- 40 subdivision or council after the initial publication of a
- 41 notice for a public hearing under this article or IC 6-11;
- 42 (B) results from:

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1 (i) an erroneous computation or any other mathematical
 2 error; or
 3 (ii) the use of erroneous data; or
 4 (C) is based on an advertising error; and
 5 (2) in the case of an adjustment affecting the amount of a tax
 6 or a tax rate, is published by the county auditor or a political
 7 subdivision according to a notice provided by the department.
 8 (b) The department may take an action under this section:
 9 (1) on its own motion after notifying the affected political
 10 subdivision and the county auditor for the affected county;
 11 (2) after receiving notice of an error under section 10 of this
 12 chapter; or
 13 (3) as part of an appeal under IC 6-13-13.
 14 A request under this section may be combined with a request under
 15 IC 6-13-17 to make up a shortfall.
 16 Sec. 12. Information, as corrected under this chapter, shall be
 17 used in setting budgets, controlled tax limits, controlled levy limits,
 18 taxes, tax rates, allocations, and distributions of controlled taxes
 19 and excluded taxes.
 20 Sec. 13. The department shall under IC 6-11 compute tax
 21 amounts, tax rates, allocations, reserves, retention amounts, and
 22 distribution amounts to be used by councils, county auditors, and
 23 political subdivisions in administering the county income tax.
 24 Sec. 14. The department shall establish a regular schedule
 25 throughout each year for the distribution to county auditors and
 26 the fiscal officer of each political subdivision of supplemental
 27 income tax forecasts and other information that will assist political
 28 subdivisions in the administration of budgets and taxes.
 29 Chapter 6. Annual Hearing on County Income Taxes
 30 Sec. 1. IC 6-11 applies to the adoption of income taxes in a
 31 county.
 32 Sec. 2. Before August 7 of each year, the county auditor shall
 33 publish a notice under IC 5-3-1:
 34 (1) explaining the county income taxes for the ensuing year;
 35 (2) providing the public with notice of the date, time, and
 36 place that a public hearing will be held on the county income
 37 taxes a resolution proposing an ordinance to the council;
 38 (3) notice of any ordinance being proposed under
 39 IC 6-11-7-10; and
 40 (4) an explanation of any pending actions before the council
 41 related to the adoption or change in an excluded income tax.
 42 Sec. 3. Before August 21, the council shall conduct a public

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1 hearing in the county seat for the county. Each fiscal body that is
2 a member of the council shall designate at least one (1) member of
3 the council to attend the public hearing.

4 Sec. 4. Members of the council must be available at the public
5 hearing to hear public testimony and to answer questions from the
6 public about the county income tax.

7 Sec. 5. As soon as practicable after the public hearing, the
8 county auditor shall prepare a written summary of the meeting
9 and distribute the summary to the chair of each fiscal body that is
10 a member of the council.

11 Chapter 7. Estimated Budget; Property Tax Levies; Public
12 Notice

13 Sec. 1. The proper officers of a political subdivision shall
14 formulate an estimated budget for the political subdivision that
15 identifies the source of revenue for each proposed appropriation.
16 However, state and federal government distributions for township
17 assistance, unemployment relief, old age pensions, and other funds
18 that may at any time be made available under The Economic
19 Security Act or under any other federal act that provides for civil
20 and public works projects need not be made part of the budget.

21 Sec. 2. The political subdivision shall give notice by publication
22 to taxpayers of at least the following:

23 (1) The estimated budget for the ensuing year that identifies
24 the sources of revenue for each fund that the political
25 subdivision proposes to use to fund the budget.

26 (2) If any proposed ordinances are pending before the council
27 in the county, a separate explanation of any changes the
28 political subdivision will make in its budget or in the sources
29 of revenue that the political subdivision proposes to use to
30 fund its budget if the pending ordinances are adopted.

31 (3) The current and proposed property tax levies of each fund.

32 (4) The amount by which the political subdivision is seeking
33 to increase the political subdivision's controlled tax limit or
34 controlled levy limit, or both, by appeal under this article, the
35 sources of revenue that the political subdivision intends to use
36 in the ensuing year to fund the amount under appeal, and an
37 explanation of the extent to which the appeal will permanently
38 increase the amount and rate of taxes imposed in subsequent
39 years.

40 (5) The explanation of the political subdivision's budget, taxes,
41 and other revenues that are required by the department.

42 Sec. 3. A notice under this chapter may not include an amount

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1 for a cumulative fund sinking fund, or other fund with a fixed rate
2 levy that is subject to IC 6-15 if notice is not given to the
3 department in conformity with IC 6-15.

4 Sec. 4. A political subdivision that is located in more than one
5 (1) county must publish a notice in each county. The notice
6 published for a county must separately state the amount of taxes to
7 be raised in the county for the estimated budget.

8 Sec. 5. In the notice, the political subdivision shall state the date,
9 time, and place at which at least one (1) public hearing will be held
10 on the political subdivision's estimated budget and proposed
11 sources of revenues to fund the estimated budget.

12 Sec. 6. The notice must be published at least two (2) times before
13 the hearing in accordance with IC 5-3-1. The first publication of
14 the notice must occur at least ten (10) days before the date fixed for
15 the public hearing.

16 Sec. 7. A political subdivision shall conduct each public hearing
17 on the political subdivision's estimated budget and proposed taxes
18 and other sources of revenue to fund the estimated budget at the
19 date, time, and place specified in the notices published under this
20 chapter. However, the political subdivision may move the location
21 of a hearing to another room by posting a notice at the door where
22 the published notice indicates the meeting will be held if:

- 23 (1) moving to another room is necessary to accommodate all
- 24 persons who wish to attend the hearing or if circumstances
- 25 make the original meeting place unuseable; and
- 26 (2) the site of the relocated hearing is easily accessible from
- 27 the original meeting place.

28 Sec. 8. A political subdivision that is located in more than one
29 (1) county may conduct a hearing required under this chapter in
30 any county in which the political subdivision is located. The board
31 of directors of a solid waste management district established under
32 IC 13-21 or IC 13-9.5-2 (before its repeal) shall conduct the public
33 hearing required under this chapter in accordance with the annual
34 notice of meetings published under IC 13-21-5-2.

35 Sec. 9. Except to the extent waived by the department, if a fiscal
36 body does not formulate and publish:

- 37 (1) its estimated budget; and
- 38 (2) the proposed revenue sources needed to fund the estimated
- 39 budget;

40 as required under this chapter, the most recent annual
41 appropriations and estimated budget revenue sources needed to
42 fund the estimated budget shall be treated as the estimated

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1 appropriations and estimated budget revenue sources needed to
2 fund the estimated budget formulated by the political subdivision
3 for the ensuing budget year.

4 **Chapter 8. Objection to Estimated Budget or Proposed Taxes**
5 **After Hearing**

6 **Sec. 1. Ten (10) or more property taxpayers may object to:**
7 (1) a political subdivision's budget; or
8 (2) the property taxes proposed to fund the budget;
9 or both, by filing an objection petition with the fiscal officer of the
10 political subdivision not more than seven (7) days after the hearing.

11 **Sec. 2. The objection petition must specifically identify the**
12 **provisions of the:**

- 13 (1) budget; and
 - 14 (2) property taxes;
- 15 to which the taxpayers object.

16 **Chapter 9. Adoption of Budget**

17 **Sec. 1. The fiscal body shall meet each year to adopt one (1) or**
18 **more ordinances to fix:**

- 19 (1) a budget for the political subdivision that identifies the
- 20 sources of revenue for each appropriation; and
- 21 (2) the property tax levies and property tax rates necessary to
- 22 fund the adopted budget;

23 for the ensuing year.

24 **Sec. 2. Subject to section 7 of this chapter, the fiscal body must**
25 **comply with section 1 of this chapter before October 1.**

26 **Sec. 3. Except for Indianapolis, Marion County, or a second**
27 **class city, the last public hearing specified in the notice under**
28 **IC 6-13-7 must be completed at least ten (10) days before the fiscal**
29 **body of the political subdivision takes final action under section 1**
30 **of this chapter. A public hearing, by any committee or by the entire**
31 **fiscal body, for Indianapolis, Marion County, or a second class city**
32 **may be held at any time after introduction of the budget.**

33 **Sec. 4. If a petition is filed under IC 6-13-8 before the date that**
34 **the fiscal body takes final action on the budget, property tax levies,**
35 **and property tax rates, the fiscal body of the political subdivision**
36 **shall adopt with its budget a finding concerning the objections in**
37 **the petition and any testimony presented at the adoption hearing.**

38 **Sec. 5. (a) After a political subdivision adopts one (1) or more**
39 **ordinances under section 1 of this chapter, the political subdivision**
40 **shall immediately file with the county auditor the information in**
41 **subsection (b).**

42 (b) The political subdivision must file the number of copies of

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1 the following specified by the department with the county auditor:
 2 (1) The budget for the political subdivision that identifies the
 3 sources of revenue for each appropriation.
 4 (2) The property tax levies and property tax rates that the
 5 political subdivision imposed to fund the adopted budget.
 6 (3) Any findings adopted under section 4 of this chapter.
 7 Sec. 6. Except to the extent waived by the department, if a fiscal
 8 body does not:
 9 (1) fix a budget; and
 10 (2) impose property tax levies and property tax rates;
 11 as required under this chapter, budget, property tax levies, and
 12 property tax rates most recently adopted in accordance with law
 13 shall be treated as the budget, property tax levies, and property tax
 14 rates adopted by the political subdivision for the ensuing year.
 15 Sec. 7. (a) This section applies only to a school corporation that
 16 is engaged in a pilot project to operate under a budget year that is
 17 not a year.
 18 (b) Before February 1 of each year, the officers of the school
 19 corporation shall meet to fix the budget for the school corporation
 20 for the ensuing budget year, with notice given by the same officers.
 21 However, if a resolution adopted under subsection (d) is in effect,
 22 the officers shall meet to fix the budget for the ensuing budget year
 23 before the date specified in section 2 of this chapter.
 24 (c) The school corporation shall file with the county auditor:
 25 (1) a statement of the budget revenue resources needed to
 26 fund the budget adopted by school corporation for the ensuing
 27 budget year;
 28 (2) two (2) copies of the budget adopted by the school
 29 corporation for the ensuing budget year; and
 30 (3) any written notification from the department under this
 31 article that specifies a proposed revision, reduction, or
 32 increase in the budget adopted by the school corporation for
 33 the ensuing budget year.
 34 (d) The governing body of the school corporation may adopt a
 35 resolution to cease using a school year budget year and return to
 36 using a calendar year budget year. A resolution adopted under this
 37 subsection must be adopted after January 1 and before July 1. The
 38 school corporation's initial calendar year budget year following the
 39 adoption of a resolution under this subsection begins on January
 40 1 of the year following the year the resolution is adopted. The first
 41 six (6) months of the initial calendar year budget for the school
 42 corporation must be consistent with the last six (6) months of the

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final school year budget fixed by the department of local government finance before the adoption of a resolution under this subsection.

(e) A resolution adopted under subsection (d) may be rescinded by a subsequent resolution adopted by the governing body. If the governing body of the school corporation rescinds a resolution adopted under subsection (d) and returns to a school year budget year, the school corporation's initial school year budget year begins on July 1 following the adoption of the rescinding resolution and ends on June 30 of the following year. The first six (6) months of the initial school year budget for the school corporation must be consistent with the last six (6) months of the last calendar year budget fixed by the department of local government finance before the adoption of a rescinding resolution under this subsection.

Chapter 10. Review of Budget of Political Subdivision With Unelected Board

Sec. 1. IC 36-3-6-9 and not section 2 of this chapter applies to political subdivisions listed in IC 36-3-6-9.

Sec. 2. This chapter applies only:

(1) to each governing body of a political subdivision that is not comprised of a majority of officials who are elected to serve on the governing body; and

(2) if:

(A) either:

(i) the proposed budget of the political subdivision (other than a public library) that is to be funded from property taxes and income tax for the ensuing year is more than five percent (5%) greater than the amount funded from property taxes and income tax (or in 2005, county adjusted gross income tax, county option income tax, or county economic development tax) in the current year; or

(ii) the proposed operating budget of a public library that is to be funded from property taxes and income tax for the ensuing year is more than five percent (5%) greater than the amount funded from property taxes and income tax (or in 2005 county adjusted gross income tax, county option income tax, or county economic development tax) in the current year;

(B) the political subdivision is not a school corporation; and

(C) the political subdivision is not listed in IC 36-3-6-9.

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1 **Sec. 3. The governing body of a political subdivision other than**
2 **a public library shall submit its proposed budget, tax rates, and tax**
3 **levies to the fiscal body determined under section 4 of this chapter.**
4 **The governing body of a public library shall submit its proposed**
5 **operating budget and tax rates and tax levies for the operating**
6 **budget to the fiscal body determined under IC 36-12-1-14. The:**

- 7 (1) proposed budget; and
 - 8 (2) proposed tax levies needed to fund the proposed budget;
- 9 fixed by the governing body shall be submitted at least fourteen
10 (14) days before the appropriate fiscal body is required to hold
11 budget approval hearings under IC 6-13-7.

12 **Sec. 4. (a) The appropriate fiscal body required to conduct a**
13 **review under section 5 of this chapter for a political subdivision**
14 **other than a public library is the fiscal body determined under this**
15 **section.**

- 16 (b) If:
 - 17 (1) the assessed valuation of a political subdivision without a
 - 18 majority of elected officials on its governing board is entirely
 - 19 contained within a city or town; or
 - 20 (2) the assessed valuation of the political subdivision is not
 - 21 entirely contained within a city or town but the political
 - 22 subdivision was originally established by the city or town;
- 23 the governing body shall submit the information required under
24 section 2 of this chapter to the city or town fiscal body.

25 (c) If subsection (b) does not apply, the governing body of the
26 political subdivision shall submit the information required under
27 section 3 of this chapter to the county fiscal body in the county
28 where the political subdivision has the most assessed valuation.

29 **Sec. 5. The reviewing fiscal body shall review the information**
30 **provided under section 3 of this chapter and adopt an ordinance**
31 **fixing:**

- 32 (1) a final budget; and
- 33 (2) property tax rates and property tax levies needed to fund
- 34 the final budget;

35 for the political subdivision. The reviewing fiscal body may reduce
36 or modify but not increase the proposed budget, property tax rates,
37 and property tax levies needed to fund the proposed budget.
38 However, the power to review information and adopt budgets,
39 property tax rates, and property tax levies for a public library is
40 limited to the operating budget of the public library.

41 **Chapter 11. Notice of Adoption of Budget, Tax Rates, and Tax**
42 **Levies**

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1 **Sec. 1. Before October 1, the county auditor shall send a**
2 **certified copy of:**

- 3 **(1) any income tax ordinance adopted in the year; and**
 - 4 **(2) the results of the vote on the ordinance;**
- 5 **to the department and the department of state revenue by certified**
6 **mail, if the county auditor has not previously sent the information**
7 **under IC 6-11-3.**

8 **Sec. 2. In each year before October 15, the county auditor shall**
9 **prepare a notice of the:**

- 10 **(1) property tax rates to be charged on each one hundred**
11 **dollars (\$100) of assessed valuation in each taxing district in;**
 - 12 **(2) income taxes to be impose in the county in; and**
 - 13 **(3) the actions taken by the council in the year that affect;**
- 14 **the ensuing year. The notice shall also inform taxpayers that the**
15 **department shall conduct a hearing under IC 6-13-14 on the**
16 **budgets and taxes adopted in the county. To the extent reasonably**
17 **determinable by the county auditor, the notice must indicate the**
18 **extent to which a proposed tax or tax rate exceeds the limitations**
19 **imposed by law on the income taxes and property taxes imposed**
20 **for any political subdivision in the county. The notice must also**
21 **inform the taxpayers of the manner in which they may initiate an**
22 **appeal of a political subdivision's action. The county auditor shall**
23 **post the notice at the county courthouse and publish it in two (2)**
24 **newspapers that represent different political parties and have a**
25 **general circulation in the county.**

26 **Sec. 3. The county auditor shall certify the:**

- 27 **(1) budgets adopted for political subdivisions in the county for**
28 **the ensuing year;**
 - 29 **(2) property tax levies, property tax rates, and income tax rate**
30 **to be imposed in the county in the ensuing year; and**
 - 31 **(3) any other information required by the department;**
- 32 **to the department for final review.**

33 **Sec. 4. To the extent reasonably determinable by the county**
34 **auditor, the certification under section 3 of this chapter must**
35 **indicate the extent to which a proposed tax or tax rate exceeds the**
36 **limitations imposed by law on income taxes or property taxes**
37 **imposed for any political subdivision in the county. The county**
38 **auditor shall give notice to the affected political subdivision of any**
39 **certification made under this section.**

40 **Chapter 12. Taxpayer Appeal of Final Budget Action**

41 **Sec. 1. Except as provided in this chapter, ten (10) or more**
42 **property taxpayers in a political subdivision may initiate an appeal**

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to the department from a final action on:
(1) any part of the budget adopted by the political subdivision;
or
(2) one (1) or more property tax levies or property tax rates imposed by the political subdivision;
for the ensuing year by filing a statement of their objections with the county auditor.

Sec. 2. An objection under section 1 of this chapter must be filed not later than ten (10) days after the publication of the notice required under IC 6-13-11.

Sec. 3. The statement must specifically identify the provisions of the budget, property tax levies, property tax rates, income tax, or income tax rate to which the taxpayers object.

Sec. 4. The county auditor shall forward an objection filed under this chapter to the department.

Sec. 5. This section applies to provisions of the budget and tax levy of a political subdivision:

- (1) against which an objection petition was filed under IC 6-13-8; and
- (2) that were not changed by the fiscal body of the political subdivision after hearing the objections.

A group of ten (10) or more property taxpayers may not initiate an appeal under section 1 of this chapter if less than seventy-five percent (75%) of the objecting taxpayers under IC 6-13-8 are objecting taxpayers with respect to the objection statement filed under section 1 of this chapter.

Chapter 13. Political Subdivision Appeals

Sec. 1. A political subdivision or county auditor in any county where the political subdivision is located may use the procedures in this chapter to petition for an adjustment in any combination of the following:

- (1) The amount of a political subdivision's controlled tax limit or controlled levy limit for the ensuing year.
- (2) A political subdivision's property tax levy or property tax rate.
- (3) The amount of income tax that will be allocated to a political subdivision;
in a county where the political subdivision is located.
- (4) One (1) or more appropriations in a political subdivision's budget.
- (5) The amount of money:
 - (A) from a political subdivision's rainy day fund to be used

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1 to fund expenditures in the ensuing year; or
2 (B) to be deposited in the political subdivision's rainy day
3 fund in the ensuing year.
4 **Sec. 2. A petitioner may:**
5 (1) before October 1 of the year immediately preceding the
6 ensuing year; or
7 (2) in the case of a request related to a:
8 (A) correction of computations or data under IC 6-13-5; or
9 (B) shortfall under IC 6-13-17;
10 that does not affect an income tax rate before January 1 of the
11 ensuing year;
12 appeal to the department for an adjustment described in section 1
13 of this chapter.
14 **Sec. 3. In the appeal, the petitioner must state:**
15 (1) the nature of the requested adjustment; and
16 (2) the grounds that authorize the adjustment.
17 The petitioner must support these allegations by reasonably
18 detailed statements of fact.
19 **Sec. 4. A taxpayer that files a proper objection under:**
20 (1) IC 6-13-12-1 concerning a budget, property tax rate, or
21 property tax levy that is the subject of an appeal under this
22 chapter is a party to the appeal under this chapter; and
23 (2) IC 6-13-12-2 concerning an income tax or income tax rate
24 that is the subject of an appeal under this chapter, is a party
25 to the appeal under this chapter.
26 **Sec. 5. The department shall promptly deliver to the local**
27 **government tax control board every appeal petition it receives**
28 **under section 2 of this chapter and any materials it receives**
29 **relevant to those appeals.**
30 **Sec. 6. The department shall give expedited treatment to matters**
31 **related to the following:**
32 (1) An income tax or income tax rate.
33 (2) An emergency request for relief by a school that requires
34 a referendum under IC 6-12.
35 **Sec. 7. Upon receipt of an appeal petition, the local government**
36 **tax control board shall immediately proceed to the examination**
37 **and consideration of the merits of the petitioner's appeal.**
38 **Sec. 8. After the examination, the local government tax control**
39 **board shall make a recommendation to the department.**
40 **Sec. 9. The department, upon receiving a recommendation from**
41 **the local government tax control board, shall enter an order:**
42 (1) adopting;

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1 (2) rejecting; or
2 (3) adopting in part and rejecting in part;
3 the recommendation of the local government tax control board.
4 **Sec. 10.** The department may make only the adjustments
5 allowed by law. The department shall make the adjustments
6 necessary to fund any appropriation that is required by law.
7 **Sec. 11.** The petitioner or any affected political subdivision may
8 petition for judicial review of the final determination of the
9 department under this chapter. The action must be taken to the tax
10 court under IC 6-1.1-15 in the same manner that an action is taken
11 to appeal a final determination of the Indiana board. The petition
12 must be filed in the tax court not more than forty-five (45) days
13 after the department enters its final order under this chapter.
14 **Chapter 14. State Review of Budgets and Budget Revenue**
15 **Resources**
16 **Sec. 1.** The department shall review and certify under this
17 chapter the:
18 (1) budget, property tax levies, and property tax rates of each
19 political subdivision;
20 (2) income tax and income tax rate imposed by each county;
21 and
22 (3) allocations of income taxes to each political subdivision;
23 for an ensuing year.
24 **Sec. 2.** The department shall revise or reduce budgets, taxes, tax
25 rates, and allocations in order to limit:
26 (1) property tax rates, property tax levies, income taxes, and
27 income tax rates to the maximum amount permitted by law,
28 after making any adjustments allowed by law; and
29 (2) a budget to the amount of revenue, including cash balances
30 and transfers from a rainy day fund, that is available in the
31 ensuing year to the political subdivision to fund the budget.
32 **Sec. 3.** The department may increase:
33 (1) a part of a budget that is funded from controlled taxes; or
34 (2) the amount or rate of controlled taxes;
35 only as permitted under IC 6-12 and this article.
36 **Sec. 4.** The department shall make a revision or reduction in a
37 political subdivision's budget only with respect to the total amounts
38 budgeted for each office or department within each of the major
39 budget classifications prescribed by the state board of accounts.
40 **Sec. 5.** Before the department reviews, revises, reduces, or
41 increases:
42 (1) a political subdivision's budget, taxes, or tax rates;

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1 (2) an income tax, an income tax rate, or an allocation of
2 income taxes; or
3 (3) a controlled tax limit or controlled levy limit;
4 the department must hold a public hearing on the matters
5 described in this section. The department shall hold the hearing in
6 the affected county. The department may hear matters affecting
7 more than one (1) political subdivision at the same public hearing.
8 Sec. 6. At least five (5) days before the date fixed for a public
9 hearing, the department shall give notice of the time and place of
10 the hearing, the budgets, the taxes and tax rates, and the
11 allocations to be considered at the hearing. If any matter is under
12 appeal under IC 6-13-13, the department shall include a brief
13 description of the matter in the notice. The department shall
14 publish the notice in two (2) newspapers of general circulation
15 published in the county. However, if only one (1) newspaper of
16 general circulation is published in the county, the department of
17 local government finance shall publish the notice in that
18 newspaper.
19 Sec. 7. The department shall give the affected political
20 subdivisions written notification specifying any revision, reduction,
21 or increase the department proposes to make. If the adjustment is
22 a reduction in a budget, tax, tax rate, or allocation, a political
23 subdivision has one (1) week after the date the political subdivision
24 receives the notice to provide a written response to the
25 department's Indianapolis office specifying how to make the
26 required reductions in the amount budgeted for each office or
27 department. The department shall make reductions as specified in
28 the political subdivision's response if the response is provided as
29 required by this section and sufficiently specifies all necessary
30 reductions.
31 Sec. 8. The department may not approve taxes, tax rates, or
32 allocations for lease payments by a city, town, county, library, or
33 school corporation if the lease payments are payable to a building
34 corporation for use by the building corporation for debt service on
35 bonds and if:
36 (1) no bonds of the building corporation are outstanding; or
37 (2) the building corporation has enough legally available
38 funds on hand to redeem all outstanding bonds payable from
39 the particular lease rental levy requested.
40 Sec. 9. The department shall certify its actions to:
41 (1) the county auditor of each affected county; and
42 (2) each affected political subdivision.

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1 **Sec. 10. The following may petition for judicial review of the**
2 **final determination of the department under this chapter:**

- 3 (1) The political subdivision.
- 4 (2) If an objection is filed under IC 6-13-12, a taxpayer who
- 5 signed the objection.
- 6 (3) The county auditor.
- 7 (4) With respect to income tax rates, the department of state
- 8 revenue.

9 **The petition must be filed in the tax court not more than forty-five**
10 **(45) days after the department certifies its action under section 9**
11 **of this chapter.**

12 **Sec. 11. Except as otherwise provided, the department is**
13 **expressly directed to complete the duties assigned to it under this**
14 **chapter not later than:**

- 15 (1) November 1 immediately preceding the ensuing year for
- 16 matters related to an income tax or income tax rate; and
- 17 (2) February 15 of the ensuing year for all other matters.

18 **Sec. 12. The department shall annually review the budget of**
19 **each school corporation before April 2 each year. The department**
20 **shall give the school corporation written notification specifying any**
21 **revision, reduction, or increase the department proposes in the**
22 **school corporation's budget. A public hearing is not required in**
23 **connection with this review of the budget.**

24 **Chapter 15. Publication of Final Tax Rates**

25 **Sec. 1. After the county auditor has prepared the tax duplicate**
26 **for a year under IC 6-1.1-22-3, the county treasurer shall publish**
27 **the notice required under IC 6-1.1-22-4.**

28 **Sec. 2. As part of the notice required under IC 6-1.1-22-4, the**
29 **county treasurer also shall:**

- 30 (1) give notice of the total county income tax rate imposed in
- 31 the county for the year; and
- 32 (2) separately identify the part of the total county income tax
- 33 rate that is imposed:
 - 34 (A) under IC 6-11-7;
 - 35 (B) as an excluded tax rate under IC 6-11-8; and
 - 36 (C) under each law authorizing an excluded tax rate in
 - 37 addition to the excluded rate imposed under IC 6-11-8;

38 **and the general purpose of each of the separate rates.**

39 **Chapter 16. Supplemental Budgets**

40 **Sec. 1. If the fiscal body of a political subdivision desires to**
41 **appropriate more money for a particular year than the amount**
42 **prescribed in the budget for that year as finally determined under**

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1 this article, the fiscal body shall give notice of its proposed
2 additional appropriation. The notice must state the date, time, and
3 place at which a public hearing will be held on the proposal. The
4 notice shall be given once in accordance with IC 5-3-1-2(b).

5 Sec. 2. After the public hearing, the political subdivision shall
6 file a certified copy of its final proposal and any other relevant
7 information to the department.

8 Sec. 3. If the additional appropriation by the political
9 subdivision is made from:

- 10 (1) a fund that receives distributions from the motor vehicle
- 11 highway account established under IC 8-14-1-1 or the local
- 12 road and street account established under IC 8-14-2-4;
- 13 (2) a fund that receives revenue from property taxes; or
- 14 (3) the cumulative bridge fund (and the appropriation meets
- 15 the requirements under IC 8-16-3-3(c));

16 the political subdivision must report the additional appropriation
17 to the department and comply with sections 4 through 8 of this
18 chapter.

19 Sec. 4. (a) This section applies only to an appropriation to which
20 section 3 of this chapter applies.

21 (b) When the department receives a certified copy of a proposal
22 for an additional appropriation, the department shall determine
23 whether sufficient funds are available or will be available for the
24 proposal. The determination shall be made in writing and sent to
25 the political subdivision not more than fifteen (15) days after the
26 department receives the proposal.

27 Sec. 5. (a) This section applies only to an appropriation to which
28 section 3 of this chapter applies.

29 (b) In making the determination under section 4 of this chapter,
30 the department shall limit the amount of the additional
31 appropriation to revenues available, or to be made available, that
32 have not been previously appropriated.

33 Sec. 6. (a) This section applies only to an appropriation to which
34 section 3 of this chapter applies.

35 (b) If the department disapproves an additional appropriation
36 under section 4 of this chapter, the department shall specify the
37 reason for its disapproval on the determination sent to the political
38 subdivision.

39 Sec. 7. (a) This section applies only to an appropriation to which
40 section 3 of this chapter applies.

41 (b) A political subdivision may request a reconsideration of a
42 determination of the department under section 4 of this chapter by

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1 filing a written request for reconsideration. A request for
2 reconsideration must:

- 3 (1) be filed with the department within fifteen (15) days of the
- 4 receipt of the determination by the political subdivision; and
- 5 (2) state with reasonable specificity the reason for the request.

6 Sec. 8. (a) This section applies only to an appropriation
7 described in section 3 of this chapter.

8 (b) The department of local government finance must act on a
9 request for reconsideration within fifteen (15) days after receiving
10 the request.

11 Chapter 17. Permissible Adjustments in Controlled Taxes and
12 Excluded Taxes

13 Sec. 1. The department may make any adjustment in a budget,
14 tax, tax rate, or income tax allocation allowed under this article or
15 another law. The department shall make the adjustments required
16 under IC 6-12. To the extent possible, the department shall make
17 adjustments before the department certifies a political
18 subdivision's controlled tax limit under IC 6-13-5.

19 Sec. 2. The department may at any time increase a debt service
20 fund or require an assignment of a political subdivision's allocation
21 of income taxes for the following reasons:

- 22 (1) To pay the principal or interest on a funding, refunding, or
- 23 judgment funding obligation of a political subdivision.
- 24 (2) To pay the interest or principal on an outstanding
- 25 obligation of the political subdivision.
- 26 (3) To pay a judgment rendered against the political
- 27 subdivision.
- 28 (4) To pay lease rentals that have become an obligation of the
- 29 political subdivision under IC 21-5-11 or IC 21-5-12.

30 Alternatively, the department may treat a required increase under
31 this section in the same manner as a shortfall under this chapter.

32 Sec. 3. (a) The primary method of funding a shortfall is to order
33 a distribution from the rainy day fund to cover the shortfall
34 described in this section. The amount used to cover the shortfall
35 would be replaced through the imposition of an excluded income
36 tax under IC 6-11-9 in the years determined by the department.
37 However, for good cause, the department may adjust taxes, tax
38 rates, budgets, allocations, controlled levy limits, and controlled tax
39 limits, order a temporary distribution from a political subdivision's
40 rainy day fund, or take any other action, as necessary, to eliminate
41 the cumulative effects of a shortfall in property tax revenue or
42 income taxes that resulted from any of the following:

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- (1) Erroneous assessed valuation figures that were:**
 - (A) provided to the political subdivision;**
 - (B) used by the political subdivision in determining its total property tax rate; and**
 - (C) discovered to be in error after the political subdivision's property tax levy resulting from that total rate was finally approved by the department.**
- (2) The payment of refunds in an appeal under IC 6-1.1 and IC 6-1.5.**
- (3) An error described in IC 6-13-5.**
- (4) The payment of refunds of income tax under IC 6-8.1.**
- (5) The sum of the:**
 - (A) property taxes collected for a fund; and**
 - (B) income tax allocations transferred to the political subdivision and available for the purposes of a fund;****are less than ninety-eight percent (98%) of the sum of the property tax levy and income tax allocations certified by the department for the fund.**
- (6) The granting of an appeal under IC 6-13-13 that authorizes an increase in controlled taxes after the date that department finally determines the income tax rate for a county in which the political subdivision is located.**
- (b) If the department determines that any of the conditions described in subsection (a) occurred, the department may do any combination of the following:**
 - (1) Order a transfer of money from the political subdivision's rainy day fund to temporarily replace the amount of the shortfall.**
 - (2) Order a transfer from the political subdivision's excess revenue fund account.**
 - (3) Grant any necessary permission for a grant or grants from any funds of the state that are available for the purpose.**
 - (4) Grant any necessary permission for a loan or loans from any funds of the state that are available for the purpose.**
 - (5) Grant any necessary permission for the political subdivision to borrow funds from a source other than the state or assistance in obtaining the loan.**
 - (6) Grant any necessary permission for an advance or advances of funds that will become payable to the political subdivision under any law providing for the payment of state funds to the political subdivision.**
 - (7) Grant permission to the political subdivision to:**

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- 1 (A) cancel any unpaid obligation of the political
- 2 subdivision's general fund to the political subdivision's
- 3 cumulative building fund; or
- 4 (B) use, for general fund purposes, any unobligated
- 5 balance in the political subdivision's cumulative building
- 6 fund and the proceeds of any levy made or to be made by
- 7 the political subdivision for the political subdivision's
- 8 cumulative building fund.
- 9 (8) Grant permission, subject to any agreement with the
- 10 bondholders, to use, for general fund purposes, any
- 11 unobligated balance in any construction fund, including any
- 12 unobligated proceeds of a sale of the political subdivision's
- 13 general obligation bonds.
- 14 (c) The department may take an action under this section as
- 15 part of an appeal under IC 6-13-13. A request may be combined
- 16 with a request under IC 6-13-5 to eliminate the effects of incorrect
- 17 data, computations, or advertisements.
- 18 (d) If the department of local government finance authorizes an
- 19 increase to make up a shortfall, the department shall take
- 20 appropriate steps to ensure that the proceeds are first used to
- 21 repay any loan made to the political subdivision for the purpose of
- 22 meeting its current expenses.
- 23 (e) For purposes of fixing its budget and for purposes of the
- 24 controlled tax limits, a political subdivision may not treat money
- 25 received to eliminate a shortfall as part of its controlled taxes for
- 26 the year unless the department determines that inclusion of the
- 27 amount is necessary to eliminate the cumulative effects of the
- 28 shortfall.

29 Chapter 18. Miscellaneous Budget Procedures

30 Sec. 1. The fiscal officer of a political subdivision may
31 appropriate funds received from an insurance company if the
32 funds are:

- 33 (1) received as a result of damage to property of the political
- 34 subdivision;
- 35 (2) appropriated for the purpose of repairing or replacing the
- 36 damaged property; and
- 37 (3) in fact expended to repair or replace the property within
- 38 the twelve (12) month period after they are received.

39 Sec. 2. Notwithstanding the other provisions of this article, the
40 proper officer or officers of a political subdivision may:

- 41 (1) reappropriate money recovered from erroneous or
- 42 excessive disbursements if the error and recovery are made

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1 within the current budget year; or
2 (2) refund, without appropriation, money erroneously
3 received.

4 **Chapter 19. Transfer of Appropriated Amount to Another**
5 **Purpose**

6 **Sec. 1. (a) Except as otherwise provided by law, the proper**
7 **officers of a political subdivision may transfer money from one (1)**
8 **major budget classification to another within a department or**
9 **office if:**

- 10 (1) the officers determine that the transfer is necessary;
- 11 (2) the transfer does not require the expenditure of more
- 12 money than the total amount set out in the budget as finally
- 13 determined under this article; and
- 14 (3) the transfer is made at a regular public meeting and by
- 15 ordinance or resolution.

16 (b) A transfer may be made under this section without notice
17 and without the approval of the department.

18 **Sec. 2. Money raised and budgeted for volunteer firefighting**
19 **contracts and purposes, if appropriated and spent by that political**
20 **subdivision, shall be appropriated and spent for those purposes**
21 **only.**

22 **Sec. 3. (a) Money may not be transferred from:**

- 23 (1) a family and children's fund;
- 24 (2) a children's psychiatric residential treatment services
- 25 fund; or
- 26 (3) a township poor relief fund or account;
- 27 to any other fund or purpose.

28 (b) An unused part of a county's controlled tax limit or
29 controlled levy limit attributable to:

- 30 (1) a family and children's fund; or
- 31 (2) a children's psychiatric residential treatment services
- 32 fund; or
- 33 (3) a township poor relief fund or account;
- 34 may not be used for any other fund or purpose.

35 **Chapter 20. Administration of State and Federal Funds**

36 **Sec. 1. Except as provided in this chapter, a political subdivision**
37 **may not expend funds that the political subdivision has received**
38 **from the state unless:**

- 39 (1) the funds have been included in a budget estimate by the
- 40 political subdivision; and
- 41 (2) the funds have been appropriated by the political
- 42 subdivision's fiscal body in the amounts and for the specific

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purposes for which they may be used.
Sec. 2. The following funds received by a political subdivision from the state or the federal government may be expended without complying with section 1 of this chapter:

- (1) Township assistance.
- (2) Unemployment relief.
- (3) Old age pensions.
- (4) Other funds that may at any time be made available under The Economic Security Act or under any other federal act that provides for civil and public works projects.

Sec. 3. A political subdivision may use state funds in the event of a casualty, an accident, or an extraordinary emergency by appropriating the state funds in a supplemental budget under IC 6-13-16.

Chapter 21. Mandatory Appropriations

Sec. 1. A county fiscal body shall appropriate funds for the operation of the county highway department for the entire ensuing budget year for which annual appropriations are being made. The appropriation shall be for an amount not less than the greater of:

- (1) seventy-five percent (75%) of the total estimated to be in the highway fund in the ensuing budget year; or
- (2) ninety-nine percent (99%) of the total estimated to be in the highway fund in the ensuing budget year if the county commissioners file with the county council a four (4) year plan for the construction and improvement of county highways and a one (1) year plan for the maintenance and repair of the county highways.

Sec. 2. The trustee of each township in the county shall estimate the amount necessary to meet the cost of township assistance in the township for the ensuing year. The township board shall adopt with the township budget a tax rate sufficient to meet the estimated cost of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

Sec. 3. Each council and political subdivision shall fix tax rates and make appropriations for the appropriate fund that are sufficient to provide money for each purpose described in the following:

- (1) IC 6-12-5-24.
- (2) IC 6-14-3-7.

Sec. 4. Regardless of whether an adjustment is made in any political subdivision's controlled tax limit, each council and

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1 political subdivision shall fix tax rates and make appropriations for
2 the appropriate fund that are sufficient for each the following:

- 3 (1) Medical assistance under IC 12-13-8-5.
- 4 (2) Hospital care for the indigent under IC 12-16-14-3.
- 5 (3) Community mental health centers under IC 12-29-2-2.
- 6 (4) Children with special health care needs under
- 7 IC 16-35-3-3.
- 8 (5) Any other law requiring the imposition of a tax for a
- 9 particular purpose or fund.

10 **Chapter 22. Excess Revenue Account**

11 **Sec. 1.** As used in this chapter, "account" refers to a political
12 subdivision's account in a fund.

13 **Sec. 2.** As used in this chapter, "excess revenue" refers to
14 revenue described in section 4 or 5 of this chapter.

15 **Sec. 3.** As used in this chapter, "fund" refers to an excess
16 revenue fund established in a county under this chapter.

17 **Sec. 4.** Imposition and collection of the part of a property tax
18 actually collected by a political subdivision for a year that exceeds
19 the amount of property taxes certified for the year is valid and may
20 not be contested on the grounds that the amount exceeds the
21 political subdivision's:

- 22 (1) controlled tax limit;
- 23 (2) certified tax; or
- 24 (3) tax limits imposed by any other law;

25 for the applicable year.

26 **Sec. 5.** Imposition and collection of the part of an income tax
27 actually collected by a county for a year that exceeds the amount
28 of income taxes certified for the year is valid and may not be
29 contested on the grounds that the amount exceeds:

- 30 (1) a political subdivision's:
 - 31 (A) controlled tax limit;
 - 32 (B) certified tax; or
 - 33 (C) tax limits imposed by any other law;
- 34 for the applicable year; or
- 35 (2) the county's:
 - 36 (A) certified tax; or
 - 37 (B) tax limits imposed by any other law.

38 **Sec. 6.** An excess revenue fund is established in each county for
39 the deposit of excess revenue collected in a year.

40 **Sec. 7.** An account for each political subdivision in the county is
41 established in the fund.

42 **Sec. 8.** The county treasurer shall administer the fund. The

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1 county treasurer shall invest the money in the fund not currently
2 needed to meet the obligations of the fund in the same manner as
3 other public funds may be invested. Interest that accrues from
4 these investments shall be deposited in the fund. The interest shall
5 be allocated among the accounts in the fund on the schedule
6 determined by the department in proportion to the balance in the
7 account on the date specified by the department.

8 Sec. 9. Money in the fund or an account in the fund at the end of
9 a year does not revert to the general fund of any political
10 subdivision but remains in the fund to be used exclusively for the
11 purposes of fund.

12 Sec. 10. The county treasurer shall deposit the excess revenue
13 collected in the year in the fund.

14 Sec. 11. The county treasurer shall deposit in a political
15 subdivision's account:

- 16 (1) excess revenue from property taxes imposed by the
- 17 political subdivision; and
- 18 (2) a proportionate share of the excess revenue collected from
- 19 income taxes;

20 if the sum of the excess property taxes and excess income taxes
21 exceeds the total amount of property taxes and income tax
22 allocations certified for the political subdivision for the year.

23 However, the department may establish procedures for retaining
24 a small amount of excess revenue in a general account for the
25 period determined by the department.

26 Sec. 12. A political subdivision shall:

- 27 (1) include the amount in the political subdivision's account
- 28 that exceeds one hundred dollars (\$100) in the political
- 29 subdivision's budget fixed under this article; and
- 30 (2) reduce its property tax levies for the ensuing year by the
- 31 amount included in the political subdivision's budget under
- 32 subdivision (1).

33 Sec. 13. Except as provided by section 15 of this chapter, a
34 political subdivision may not spend money in its account until the
35 expenditure of the money has been included in a budget that has
36 been approved by the department.

37 Sec. 14. A transfer of money from the political subdivision's
38 revenue excess fund account that reduces the political subdivision's
39 allocation of controlled income taxes or the political subdivision's
40 levy of controlled property taxes shall be treated as a temporary
41 adjustment. The amount of the transfer shall be treated as
42 controlled taxes for the purposes of computing the political

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1 subdivision's controlled tax limits and controlled levy limits for the
2 ensuing year.

3 Sec. 15. For the purposes of determining excise tax distributions
4 to a political subdivision and other distributions that are computed
5 on the property tax levies imposed by the political subdivision, the
6 department shall certify the amount of the distribution from an
7 account that qualifies as property taxes.

8 Sec. 16. Upon the receipt of a political subdivision's certified
9 budget, the county auditor shall transfer to the political subdivision
10 the amount of money in the political subdivision's account that
11 department has certified for use by the political subdivision.

12 Sec. 17. A political subdivision may transfer money from its
13 account to any fund to reimburse the fund for amounts withheld
14 from the political subdivision as a result of general property tax
15 refunds paid under IC 6-1.1-26 or general income tax refunds paid
16 under IC 6-8.1.

17 Sec. 18. Money distributed from an account may be used for any
18 lawful purpose for which controlled taxes may be used.

19 SECTION 72. IC 6-14 IS ADDED TO THE INDIANA CODE AS
20 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
21 2005]:

22 **ARTICLE 14. APPROVAL OF BONDED INDEBTEDNESS**
23 **AND LEASE OBLIGATIONS**

24 **Chapter 1. Definitions**

25 **Sec. 1. The definitions in IC 6-1.1, IC 6-11, and IC 36-1-2 apply**
26 **throughout this article.**

27 **Sec. 2. The definitions in this chapter apply throughout this**
28 **article.**

29 **Sec. 3. "Bonds" refers to bonds or any other evidence of**
30 **indebtedness (other than exempt obligations) payable from or**
31 **guaranteed by property taxes or income taxes.**

32 **Sec. 4. "Controlled debt service" refers to debt service for bonds**
33 **for a controlled project.**

34 **Sec. 5. "Controlled lease rentals" refers to payments for a lease**
35 **of a controlled project.**

36 **Sec. 6. "Controlled project" refers to a controlled project**
37 **described in IC 6-14-7-3.**

38 **Sec. 7. "Debt service" means principal of and interest on bonds.**
39 **The term includes the repayment of an advance from the common**
40 **school fund under IC 21-1-5-3.**

41 **Sec. 8. (a) "Debt service fund" means any of the following funds**
42 **for which a property tax is imposed:**

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- 1 (1) A fund established under IC 21-2-4-2 or IC 36-9-15-10.
- 2 (2) A fund primarily established to pay or fund loans or bonds
- 3 authorized under IC 12-19-5-11, IC 12-19-7-19, or
- 4 IC 12-19-7.5-18.
- 5 (3) A fund described in subsection (b).
- 6 (4) A fund established to pay or fund bond indebtedness or
- 7 lease rentals with a term of at least five (5) years.
- 8 (5) Any other fund established by a political subdivision that
- 9 is similar to a fund described in subdivisions (1) through (4),
- 10 as determined by the department.
- 11 (b) The term includes the following funds:

12	Department	
13	Fund	Department
14	Control	Name for
15	Number	Fund
16	0180	Debt Service
17	0181	Debt Payment
18	0182	Bond #2
19	0183	Bond #3
20	0184	Bond #4
21	0185	Bond #5
22	0186	School Pension Debt
23	0280	Bond-General Sinking
24	0281	Loan and Interest Payment
25	0282	Obligation Loan
26	0283	Lease Rental Payment
27	0580	Court House Lease Rental
28	0581	Court House Bond
29	0780	Bridge Bond and Interest
30	0781	Thoroughfare Bond
31	0783	Street Bond
32	0880	Hospital Lease Rental
33	0881	Hospital Bond
34	0882	Medical Center Bond
35	0883	Township Assistance Bond
36	0884	County Welfare Bond
37	0885	Township Assistance Loan
38	0886	County Welfare Loan
39	0889	Cumulative Hospital
40	0980	Levee Bond
41	0982	Flood Control Bond
42	0986	Storm Sewer Bond

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1	1080	County Home Bond
2	1081	Equipment Bond
3	1180	Fire and Police Equipment Debt
4	1181	Fire Building Debt
5	1182	Fire Equipment Debt
6	1183	Fire Equipment Bond
7	1184	Police Equipment Debt
8	1185	Jail Lease Rental
9	1186	Jail Bond
10	1187	Emergency Fire Loan
11	1280	School Bus Debt
12	1281	School Bus Bond
13	1380	Park Bond
14	1381	Park Bond #2
15	2180	Airport Bond
16	2181	Airport Sinking
17	2182	Cemetery Bond
18	2380	Capital Improvement Bond
19	2480	Urban Renewal Bond
20	2481	Community Development Bond
21	2482	Redevelopment Bond
22	2483	Redevelopment Bond #2
23	2484	Industrial Loan
24	6280	Sewer Bond
25	6380	Transportation Bond
26	8080	Special Transportation Debt
27	8180	Special Airport Debt Service
28	8280	Special Sanitary Debt Service
29	8281	Special Sanitary User Charge Debt
30	8282	Special Sanitation (Liquid) Debt
31	8283	Solid Waste District Debt Service
32	8380	Special Flood Control Debt Service
33	8382	Special Flood Control Debt Service #2
34	8383	Water District Debt Service
35	8480	Special Redevelopment Debt
36	8481	Special Redevelopment Dist Bond
37	8684	Special Fire Debt
38	8780	Special Health/Hospital Debt
39	8880	Indianapolis Consolidated City Redevelopment Debt
40	8881	Indianapolis Consolidated City Debt Service
41	8980	Special Consolidated County Flood Control Debt
42	8981	Special Consolidated County Park Debt

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1 **8982 Special Consolidated County Metropolitan**
2 **Thoroughfare Debt**
3 **8984 Special Consolidated County Metropolitan**
4 **Emergency Comm Agency Debt**
5 **Sec. 9. "Exempt obligation" refers to bonds or leases designated**
6 **as an exempt obligation under IC 6-14-2.**
7 **Sec. 10. "Funding bonds" means bonds issued to retire the**
8 **principal and accrued interest of any bonds of a political**
9 **subdivision that are outstanding.**
10 **Sec. 11. "Income taxes" refers to county income taxes imposed**
11 **under IC 6-11.**
12 **Sec. 12. "Leases" refers to leases payable from or guaranteed by**
13 **property taxes or income taxes.**
14 **Chapter 2. Exemptions**
15 **Sec. 1. IC 6-14-5, IC 6-14-6, and IC 6-14-7 do not apply to debt**
16 **or leases designated as an exempt obligation under this chapter.**
17 **Sec. 2. Notes representing loans under IC 36-2-6-18,**
18 **IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 that are payable within**
19 **five (5) years after issuance are exempt obligations.**
20 **Sec. 3. Warrants representing temporary loans that are payable**
21 **out of taxes imposed and in the course of collection are exempt**
22 **obligations.**
23 **Sec. 4. A lease that either:**
24 **(1) has a term of less than five (5) years; or**
25 **(2) is not a controlled lease;**
26 **is an exempt obligation.**
27 **Sec. 5. Obligations:**
28 **(1) that are not payable from property taxes or income taxes;**
29 **and**
30 **(2) for which a guarantee of payment from property taxes or**
31 **income taxes in the event that payment from another source**
32 **of revenue is insufficient has not been made;**
33 **are exempt obligations.**
34 **Sec. 6. Bonds in a total amount that does not exceed five**
35 **thousand dollars (\$5,000) are exempt obligations.**
36 **Sec. 7. Funding bonds, refunding bonds, and judgment funding**
37 **bonds are exempt obligations.**
38 **Chapter 3. General Provisions**
39 **Sec. 1. Whenever the proper officers of a political subdivision**
40 **decide to issue bonds payable from property taxes or county**
41 **income taxes to finance a public improvement, they shall adopt an**
42 **ordinance or a resolution that sets forth their determination to**

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issue the bonds.

Sec. 2. A political subdivision may, subject to the limitations provided by law, issue any bonds, notes, or warrants that it considers necessary.

Sec. 3. A political subdivision may issue or enter into obligations under any law that requires or permits the imposition of:

- (1) property taxes; or
- (2) income taxes;

to pay debt service or lease rentals without pledging to impose property taxes or income taxes, or both, if necessary, to pay the debt service or lease rentals.

Sec. 4. If the proper officers of a political subdivision determine to use revenues other than property taxes or income taxes to pay obligations without pledging to impose property taxes or income taxes for that purpose, provisions of any law relating to property taxes or income taxes do not apply to the issuance of or entering into the obligations.

Sec. 5. A property tax levy for a debt service fund is not:

- (1) subject to the controlled tax limits or controlled levy limits imposed under IC 6-12; or
- (2) included in computing a political subdivision's controlled tax limit or controlled levy limit for a year.

Sec. 6. A property tax levy for a debt service fund shall be treated as an excluded tax. Income taxes used for the purposes of a debt service fund are excluded taxes only to the extent that IC 6-11 designates the income taxes as excluded taxes.

Sec. 7. A political subdivision shall fix property tax rates from the appropriate debt services fund that are sufficient to provide funds for 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 for which property taxes of the political subdivision were pledged.
- (3) To pay the principal or interest on:
 - (A) an obligation issued by the political subdivision to meet an emergency that results from a flood, a fire, a pestilence, a 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, IC 36-5-2-11, or IC 36-9-4 to enable a city, town, or county to acquire necessary equipment or facilities.

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- 1 **(4) To pay the principal or interest on an obligation issued in**
- 2 **the manner provided in this article, IC 6-1.1-20-3 (before its**
- 3 **repeal), or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2 (before**
- 4 **their repeal).**
- 5 **(5) To pay a judgment rendered against the political**
- 6 **subdivision.**
- 7 **(6) To pay the principal or interest on an obligation to meet**
- 8 **the requirements of the family and children's fund for child**
- 9 **services (as defined in IC 12-19-7-1).**
- 10 **(7) To pay the principal or interest on an obligation to meet**
- 11 **the requirements of the children's psychiatric residential**
- 12 **treatment services fund for children's psychiatric residential**
- 13 **treatment services (as defined in IC 12-19-7.5-1).**

14 **Sec. 8. The department and a county income tax council may not**
 15 **reduce a political subdivision's allocation of county income taxes**
 16 **below the amount of the political subdivision's allocation of county**
 17 **income taxes pledged by the political subdivision. A county income**
 18 **tax council and the department are not required to increase a**
 19 **political subdivision's allocation of county income taxes to**
 20 **eliminate the effects on the political subdivision's budget resulting**
 21 **from the pledge of the political subdivision's allocation to the**
 22 **funding or payment of an obligation.**

23 **Sec. 9. The collection of money in excess of the amount certified**
 24 **for a debt service fund is valid. The excess is subject to treatment**
 25 **as excess revenue under IC 6-13-22.**

26 **Sec. 10. The department shall develop forms and procedures to**
 27 **expedite the review of bonded indebtedness and lease rental**
 28 **obligations under this article. In developing forms and procedures,**
 29 **the department must seek to avoid unnecessary delays that will**
 30 **increase the borrowing costs or construction costs of projects and**
 31 **purposes that a political subdivision would otherwise have the**
 32 **power to carry out.**

33 **Chapter 4. Construction**

34 **Sec. 1. Except as provided in section 2 of this chapter, a political**
 35 **subdivision may not advertise for or receive bids for the**
 36 **construction of an improvement until the expiration of the later of:**

- 37 **(1) the period within which taxpayers may file a petition for**
- 38 **review of or a remonstrance against the proposed issue; or**
- 39 **(2) the period during which a petition for review of the**
- 40 **proposed issue is pending before the department.**

41 **Sec. 2. (a) Whenever a petition for review of a proposed issue is**
 42 **pending before the department, the department may order the**

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1 political subdivision to advertise for and receive bids for the
2 construction of a public improvement.

- 3 (b) When the department issues an order under subsection (a):
- 4 (1) the political subdivision shall file a bid report with the
- 5 department within five (5) days after the bids are received;
- 6 and
- 7 (2) the department shall render a final decision on the
- 8 proposed issue within fifteen (15) days after it receives the bid
- 9 report.

10 (c) Notwithstanding the provisions of this section, a political
11 subdivision may not enter into a contract for the construction of a
12 public improvement while a petition for review of the bond issue
13 that is to finance the improvement is pending before the
14 department.

15 **Sec. 3.** The department in determining whether to approve or
16 disapprove a school building construction project shall consider
17 the following factors:

- 18 (1) The current and proposed square footage of school
- 19 building space per student.
- 20 (2) Enrollment patterns within the school corporation.
- 21 (3) The age and condition of the current school facilities.
- 22 (4) The cost per square foot of the school building
- 23 construction project.
- 24 (5) The effect that completion of the school building
- 25 construction project would have on the school corporation's
- 26 tax rate.
- 27 (6) Any other pertinent matter.

28 **Sec. 4.** The department in determining whether to approve or
29 disapprove a school building construction project may not approve
30 or recommend the approval of a project that is financed through
31 the issuance of bonds if the bonds mature more than twenty-five
32 (25) years after the date of the bonds' issuance.

33 **Sec. 5.** After December 31, 1995, the department may not
34 approve a school corporation's proposed lease rental agreement or
35 bond issue to finance the construction of additional classrooms
36 unless the school corporation first:

- 37 (1) establishes that additional classroom space is necessary;
- 38 and
- 39 (2) conducts a feasibility study, holds public hearings, and
- 40 hears public testimony on using a twelve (12) month school
- 41 term (instead of the nine (9) month school term (as described
- 42 in IC 20-10.1-2-2)) rather than expanding classroom space.

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Chapter 5. Review of Bonds

Sec. 1. This chapter applies when:

- (1) the proper officers of a political subdivision decide to issue bonds in a total amount that exceeds five thousand dollars (\$5,000); and
- (2) IC 6-14-7 does not apply to the bonds.

The decision to issue bonds may be a preliminary decision.

Sec. 2. A political subdivision may not impose property taxes or income taxes to pay debt service for the bonds to which this chapter applies without:

- (1) complying with this chapter; and
- (2) approval of the proposed issue (or the proposed issue as reduced by the department) by the department.

Sec. 3. The proper officers of a political subdivision shall give notice of the decision by:

- (1) posting; and
- (2) publication once each week for two (2) weeks.

The notice required by this section shall be posted in three (3) public places in the political subdivision and published in accordance with IC 5-3-1-4.

Sec 4. (a) Ten (10) or more taxpayers who:

- (1) will be affected by the proposed issuance of the bonds; and
- (2) wish to object to the issuance on the grounds that it is unnecessary or excessive;

may file a petition in the office of the county auditor of the county in which the political subdivision is located.

(b) The petition must be filed within fifteen (15) days after the notice required by section 3 of this chapter is given. The petition must contain the objections of the taxpayers and facts that show that the proposed issue is unnecessary or excessive.

Sec. 5. Whenever taxpayers file a petition in the manner prescribed in section 4 of this chapter, the county auditor shall immediately forward a certified copy of the petition and any other relevant information to the department. A review under sections 6 through 9 of this chapter may be combined with a review under IC 6-14-8 or IC 6-14-9.

Sec. 6. Upon receipt of a certified petition filed in the manner prescribed in section 4 of this chapter, the department shall fix a date, time, and place for a hearing on the matter. The department shall hold the hearing not less than five (5) or more than thirty (30) days after the department receives the petition. The department shall hold the hearing in the political subdivision or in the county

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where the political subdivision is located.

Sec. 7. At least five (5) days before the date fixed for the hearing, the department shall give notice of the hearing, by mail, to the executive officer of the political subdivision and to the first ten (10) taxpayers who signed the petition. The mailings shall be addressed to the officer and the taxpayers at their usual place of residence.

Sec. 8. After the hearing required by this chapter, the department may approve, disapprove, or reduce the amount of the proposed issue. The department must render a decision not later than three (3) months after the hearing. If a decision is not rendered within that time, the issue is considered approved unless the department takes the extension provided for in this section. A three (3) month extension of the period during which the decision must be rendered may be taken by the department if the department mails notice of the extension to the executive officer of the political subdivision and to the first ten (10) taxpayers who signed the petition at least ten (10) days before the end of the original three (3) month period. If a decision is not rendered within the extension period, the issue is considered approved.

Sec. 9. A:

- (1) taxpayer who signed a petition under this chapter; or
 - (2) political subdivision against which a petition referred to in this chapter is filed;
- may petition for judicial review of the final determination of the department under this chapter. The petition must be filed in the tax court not more than forty-five (45) days after the department renders its decision under this chapter.

Chapter 6. Review of Interest Rate

Sec. 1. This chapter applies when the proper officers of a political subdivision decide to issue any bonds, notes, or warrants that will:

- (1) be payable from property taxes or income taxes; and
- (2) bear interest in excess of eight percent (8%) per annum.

Sec. 2. A political subdivision may not impose property taxes or income taxes to pay debt service for bonds, notes, or warrants to which this chapter applies without:

- (1) complying with this chapter; and
- (2) approval of the interest rate by the department.

Sec. 3. The political subdivision shall submit the matter to the department for review. A review under this section may be combined with a review under IC 6-14-8 or IC 6-14-9.

Sec. 4. The department may either approve or disapprove the

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rate of interest.

Chapter 7. Remonstrance and Petition Process for Controlled Debt Service and Controlled Lease Rentals

Sec. 1. This chapter applies only to controlled debt service and controlled lease rentals.

Sec. 2. For purposes of this chapter, a project is any project or purpose for which a political subdivision may issue bonds or enter into leases, including a sale-lease back of an existing building.

Sec. 3. For purposes of this chapter, a controlled project is any project financed by bonds or a lease, except for the following:

(1) A project for which the political subdivision reasonably expects to pay:

(A) debt service; or

(B) lease rentals;

from funds other than property taxes or income taxes. However, a project that would otherwise be exempt under this subdivision becomes a controlled project if the political subdivision pledges property taxes or income taxes to pay debt service or lease rentals if other funds are insufficient.

(2) A project that will not cost the political subdivision more than two million dollars (\$2,000,000).

(3) A project that is being refinanced to provide gross or net present value savings to taxpayers.

(4) A project for which bonds were issued or leases were entered into before January 1, 1996, or where the state board of tax commissioners (repealed) has approved the issuance of bonds or the execution of leases before January 1, 1996.

(5) A project that is required by a court order holding that a federal law mandates the project.

(6) A project for which the political subdivision complied with IC 6-1.1-20 (before its repeal).

Sec. 4. A political subdivision may not impose property taxes or income taxes to pay debt service or lease rentals without:

(1) completing the procedures in section 5 of this chapter; and

(2) if a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 6 of this chapter, completing the procedures in section 6 of this chapter.

Sec. 5. A political subdivision must do the following:

(1) The proper officers of a political subdivision shall:

(A) publish notice in accordance with IC 5-3-1; and

(B) send notice by first class mail to any organization that

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delivers to the officers, before January 1 of that year, an annual written request for such notices; of any meeting to consider adoption of a resolution or an ordinance making a preliminary determination to issue bonds or enter into a lease and shall conduct a public hearing on a preliminary determination before adoption of the resolution or ordinance.

(2) Whenever the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease, the officers shall give notice of the preliminary determination by:

- (A) publication in accordance with IC 5-3-1; and
- (B) first class mail to the organizations described in subdivision (1)(B).

(3) A notice under subdivision (2) of the preliminary determination of the political subdivision to issue bonds or enter into a lease must include the following information:

- (A) The maximum term of the bonds or lease.
- (B) The maximum principal amount of the bonds or the maximum lease rental for the lease.
- (C) The estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.
- (D) The purpose of the bonds or lease.
- (E) A statement that any owners of real property within the political subdivision who want to initiate a petition and remonstrance process against the proposed debt service or lease payments must file a petition that complies with subdivisions (4) and (5) not later than thirty (30) days after publication in accordance with IC 5-3-1.

(F) With respect to bonds issued or a lease entered into to open:

- (i) a new school facility; or
- (ii) an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space;

the estimated costs the school corporation expects to incur annually to operate the facility.

(G) A statement of whether the school corporation expects to appeal for an adjustment under IC 6-12-5 for an increased controlled tax limit or controlled levy limit to pay the estimated costs described in clause (F).

(4) After notice is given, a petition requesting the application

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of a petition and remonstrance process may be filed by the lesser of:

- (A) one hundred (100) owners of real property within the political subdivision; or
- (B) five percent (5%) of the owners of real property within the political subdivision.

(5) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition forms to be used solely in the petition process described in this section. The county auditor shall issue to an owner or owners of real property within the political subdivision the number of petition forms requested by the owner or owners. Each form must be accompanied by instructions detailing the requirements that:

- (A) the carrier and signers must be owners of real property;
- (B) the carrier must be a signatory on at least one (1) petition;
- (C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature; and
- (D) govern the closing date for the petition period.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners.

(6) Each petition must be verified under oath by at least one (1) qualified petitioner in a manner prescribed by the state board of accounts before the petition is filed with the county auditor under subdivision (7).

(7) Each petition must be filed with the county auditor not more than thirty (30) days after publication under subdivision (2) of the notice of the preliminary determination.

(8) The county auditor must file a certificate and each petition with:

- (A) the township trustee, if the political subdivision is a township, who shall present each petition to the township board; or
- (B) the body that has the authority to authorize the issuance of the bonds or the execution of a lease, if the political subdivision is not a township;

not later than fifteen (15) business days after the filing of the

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1 petition requesting a petition and remonstrance process. The
 2 certificate must state the number of petitioners that are
 3 owners of real property within the political subdivision.
 4 **If a sufficient petition requesting a petition and remonstrance**
 5 **process is not filed by owners of real property as set forth in this**
 6 **section, the political subdivision may issue bonds or enter into a**
 7 **lease by following the provisions of law relating to the bonds to be**
 8 **issued or the lease to be entered into.**

9 **Sec. 6. If a sufficient petition requesting the application of a**
 10 **petition and remonstrance process has been filed as set forth in**
 11 **section 5 of this chapter, the political subdivision shall do the**
 12 **following:**

13 **(1) The proper officers of the political subdivision shall give**
 14 **notice of the applicability of the petition and remonstrance**
 15 **process by:**

- 16 **(A) publication in accordance with IC 5-3-1; and**
- 17 **(B) first class mail to the organizations described in section**
 18 **5(1)(B) of this chapter.**

19 **Notice under this subdivision must include a statement that**
 20 **any owners of real property or tenants of residential property**
 21 **within the political subdivision who want to petition in favor**
 22 **of or remonstrate against the proposed debt service or lease**
 23 **payments must file petitions and remonstrances in compliance**
 24 **with subdivisions (2) through (4) not earlier than thirty (30)**
 25 **days or later than sixty (60) days after publication in**
 26 **accordance with IC 5-3-1.**

27 **(2) Not earlier than thirty (30) days or later than sixty (60)**
 28 **days after the notice under subdivision (1) is given:**

- 29 **(A) petitions (as described in subdivision (3)) in favor of**
 30 **the bonds or lease; and**
- 31 **(B) remonstrances (as described in subdivision (3)) against**
 32 **the bonds or lease;**

33 **may be filed by an owner or owners of real property or a**
 34 **tenant or tenants of residential property within the political**
 35 **subdivision. A petition or remonstrance signed by a tenant of**
 36 **residential property must be accompanied by an affidavit**
 37 **setting forth the name of the landlord and the property**
 38 **address of the tenant's leasehold. Each signature on a petition**
 39 **must be dated, and the date of signature may not be before the**
 40 **date on which the petition and remonstrance forms may be**
 41 **issued under subdivision (3). A petition described in clause (A)**
 42 **or a remonstrance described in clause (B) must be verified in**

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compliance with subdivision (4) before the petition or remonstrance is filed with the county auditor under subdivision (4).

(3) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition, remonstrance, and affidavit forms to be used solely in the petition and remonstrance process described in this section. The county auditor shall issue to an owner or owners of real property or a tenant or tenants of residential property within the political subdivision the number of petition, remonstrance, or affidavit forms requested by the owner or owners or tenant or tenants. Each form must be accompanied by instructions detailing the requirements that:

- (A) the carrier and signers must be owners of real property or tenants of residential property;
- (B) the carrier must be a signatory on at least one (1) petition;
- (C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature;
- (D) govern the closing date for the petition and remonstrance period; and
- (E) apply to the carrier under section 7 of this chapter.

Persons requesting petition, remonstrance, or affidavit forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners or tenants of residential property. The county auditor may not issue a petition, remonstrance, or affidavit form earlier than twenty-nine (29) days after the notice is given under subdivision (1). The county auditor shall certify the date of issuance on each petition, remonstrance, or affidavit form that is distributed under this subdivision.

(4) The petitions, remonstrances, and affidavits must be verified in the manner prescribed by the state board of accounts and filed with the county auditor within the thirty (30) to sixty (60) day period described in subdivision (2) in the manner set forth in section 5 of this chapter relating to requests for a petition and remonstrance process.

(5) The county auditor must file a certificate and the petition or remonstrance with the body of the political subdivision charged with issuing bonds or entering into leases not later

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1 than fifteen (15) business days after the filing of a petition or
 2 remonstrance under subdivision (4), whichever applies,
 3 containing ten thousand (10,000) signatures or less. The
 4 county auditor may take an additional five (5) days to review
 5 and certify the petition or remonstrance for each additional
 6 five thousand (5,000) signatures, up to a maximum of sixty
 7 (60) days. The certificate must state the number of petitioners
 8 and remonstrators that are owners of real property and the
 9 number of petitioners and remonstrators who are tenants of
 10 residential property within the political subdivision.

11 (6) If a greater number of owners of real property plus
 12 tenants of residential property within the political subdivision
 13 sign a remonstrance than the number that signed a petition,
 14 the bonds petitioned for may not be issued or the lease
 15 petitioned for may not be entered into. The proper officers of
 16 the political subdivision may not make a preliminary
 17 determination to issue bonds or enter into a lease for the
 18 controlled project defeated by the petition and remonstrance
 19 process under this section or any other controlled project that
 20 is not substantially different within one (1) year after the date
 21 of the county auditor's certificate filed under subdivision (5).
 22 Withdrawal of a petition carries the same consequences as a
 23 defeat of the petition.

24 (7) After a political subdivision has gone through the petition
 25 and remonstrance process set forth in this section, the
 26 political subdivision is not required to follow any other
 27 remonstrance or objection procedures under any other law
 28 (including section 5 of this chapter) relating to bonds or leases
 29 designed to protect owners of real property and tenants of
 30 residential property within the political subdivision from the
 31 imposition of property taxes to pay debt service or lease
 32 rentals. However, the political subdivision must still receive
 33 the approval of the department required under IC 6-14-8.

34 Sec. 7. (a) If a petition and remonstrance process is commenced
 35 under section 6 of this chapter, during the sixty (60) day period
 36 commencing with the notice under section 6(1) of this chapter, the
 37 political subdivision seeking to issue bonds or enter into a lease for
 38 the proposed controlled project may not promote a position on the
 39 petition or remonstrance by doing any of the following:

40 (1) Allowing facilities or equipment, including mail and
 41 messaging systems, owned by the political subdivision to be
 42 used for public relations purposes to promote a position on

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the petition or remonstrance unless equal access to the facilities or equipment is given to persons with a position opposite to that of the political subdivision.

(2) Making an expenditure of money from a fund controlled by the political subdivision to promote a position on the petition or remonstrance (except as necessary to explain the project to the public) or to pay for the gathering of signatures on a petition or remonstrance. This subdivision does not prohibit a political subdivision from making an expenditure of money to an attorney, an architect, a construction manager, or a financial adviser for professional services provided with respect to a controlled project.

(3) Using an employee to promote a position on the petition or remonstrance during the employee's normal working hours or paid overtime.

(4) In the case of a school corporation, promoting a position on a petition or remonstrance by:

(A) using students to transport written materials to their residences; or

(B) including a statement within another communication sent to the students' residences.

However, this section does not prohibit an employee of the political subdivision from carrying out duties with respect to a petition or remonstrance that are part of the normal and regular conduct of the employee's office or agency.

(b) A person may not solicit or collect signatures for a petition or remonstrance on property owned or controlled by the political subdivision.

Chapter 8. Review by Department

Sec. 1. Subject to section 2 of this chapter, this chapter applies to the following:

- (1) Bonded indebtedness.
- (2) Lease rentals under a lease with an original term of at least five (5) years.

Sec. 2. This chapter does not apply to the following:

- (1) Temporary loans made in anticipation of and to be paid from current revenues of the political subdivision actually imposed and in the course of collection for the budget year in which the loans are made.
- (2) Bonded indebtedness that will be repaid through property taxes or income taxes imposed under IC 12-19.
- (3) Bonded indebtedness or lease rentals that were approved

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1 under IC 6-1.1-18.5-8 (before its repeal) or IC 6-1.1-19-8
 2 (before its repeal).
 3 (4) Property taxes or income taxes that a school corporation
 4 imposes to pay or fund bond or lease rental indebtedness
 5 created or incurred before July 1, 1974.
 6 Sec. 3. A political subdivision may not impose property taxes or
 7 income taxes to pay debt service for bonded indebtedness or leases
 8 to which this chapter applies without:
 9 (1) complying with this chapter; and
 10 (2) approval of the bonded indebtedness or leases by the
 11 department.
 12 Sec. 4. (a) A political subdivision must file a petition requesting
 13 approval from the department to incur bonded indebtedness or
 14 execute a lease with an original term of at least five (5) years.
 15 (b) If IC 6-14-7 applies to the bonded indebtedness or lease and
 16 the bonded indebtedness is to be paid or funded with property
 17 taxes, the petition must be filed not later than twenty-four (24)
 18 months after the first date of publication of notice of a preliminary
 19 determination under IC 6-1.1-20-3.1(2) (repealed) or
 20 IC 6-14-7-5(2), as applicable, unless the political subdivision
 21 demonstrates that a longer period is reasonable in light of the
 22 political subdivision's facts and circumstances.
 23 Sec. 5. A political subdivision must obtain approval from the
 24 department before the political subdivision may:
 25 (1) incur bonded indebtedness; or
 26 (2) enter into a lease.
 27 Sec. 6. The department may seek recommendations from the
 28 local government tax control board or the department of state
 29 revenue, or both, when determining whether to authorize incurring
 30 bonded indebtedness or the execution of a lease.
 31 Sec. 7. The department shall render a decision within three (3)
 32 months after the date it receives a request for approval under
 33 section 4 of this chapter. However, the department may extend this
 34 three (3) month period by an additional three (3) months if, at least
 35 ten (10) days before the end of the original three (3) month period,
 36 the department sends notice of the extension to the executive
 37 officer of the political subdivision.
 38 Sec. 8. The local government tax control board, the department
 39 of state revenue, and other state agencies shall provide information
 40 to the department that the department considers necessary to
 41 determine the estimated impact of the issuance of bonds or
 42 execution of a lease on a political subdivision's property tax rate or

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1 the rate of an income tax in a county where the political
2 subdivision is located.

3 Sec. 9. Subject to section 10 of this chapter, the department
4 may:

- 5 (1) approve or disapprove the proposed bond issue or lease
6 agreement; or
- 7 (2) approve an alternative financing arrangement by:
 - 8 (A) reducing the amount of the proposed bond issue or
9 lease agreement;
 - 10 (B) modifying other terms of the proposed bond issue or
11 lease agreement;
 - 12 (C) approving the use of other funding mechanisms that
13 are available to the political subdivision to cover all or part
14 of the costs that would be covered by the proposed bond
15 issue or lease agreement;
 - 16 (D) modifying the scope of the proposed project, in the case
17 of bonds to be issued or a lease to be entered into for the
18 acquisition, construction, renovation, improvement, or
19 expansion of a building, a structure, or another public
20 improvement; or
 - 21 (E) any combination of the methods described in clauses
22 (A) through (D).

23 Sec. 10. In determining whether to approve or disapprove a
24 proposed bond issue or lease agreement or to approve an
25 alternative financing arrangement, the department shall consider
26 the following factors:

- 27 (1) Whether the proposed bond issue or lease agreement is
28 unnecessary or excessive.
- 29 (2) With respect to a proposed bond issue or lease agreement
30 for the acquisition, construction, renovation, improvement,
31 expansion, or use of a building, a structure, or another public
32 improvement, whether the civil taxing unit has demonstrated
33 that an adequate source of funding will be available to cover
34 annual costs of operating, maintaining, and repairing the
35 building, structure, or public improvement.
- 36 (3) Whether an excessive impact on the political subdivision's
37 tax rate or on the rate of an income tax imposed in a county
38 where the political subdivision is located will result from:
 - 39 (A) the issuance of the bonds or execution of the lease
40 agreement; and
 - 41 (B) with respect to a proposed bond issue or lease
42 agreement for the acquisition, construction, renovation,

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improvement, expansion, or use of a building, a structure, or another public improvement, the annual costs of operating, maintaining, and repairing the building, structure, or public improvement.

(4) Whether any costs of acquiring, constructing, renovating, improving, or expanding a building, a structure, or another public improvement that are to be financed through the issuance of bonds or execution of a lease are comparable to the costs incurred for those purposes by other similarly situated political subdivisions for similar projects.

(5) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, a structure, or another public improvement, whether the building, structure, or public improvement will be made available to residents of the political subdivision for uses other than those planned by the political subdivision.

(6) Any other pertinent matter, including matters described in IC 6-14-4.

Sec. 11. (a) A political subdivision may petition for judicial review of the final determination of the department under this chapter.

(b) The petition for judicial review must be filed in the tax court not more than forty-five (45) days after the department enters its order under this chapter.

Sec. 12. A taxpayer may petition for judicial review of the final determination of the department under this chapter. The petition must be filed in the tax court not more than thirty (30) days after the department enters its order under this chapter.

Chapter 9. School Bus Loan Review

Sec. 1. This chapter does not apply to school bus purchase loans made by a school corporation that will be repaid solely from the general fund of the school corporation.

Sec. 2. A school corporation must obtain approval from the department before the school corporation may repay a school bus purchase loan.

Sec. 3. Before it approves or disapproves a proposed school bus purchase loan, the department may seek the recommendation of the local government tax control board or the department of state revenue.

Sec. 4. Subject to section 5 of this chapter, the department may either:

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- 1 (1) approve, disapprove, or modify then approve a school
- 2 corporation's proposed school bus purchase loan; or
- 3 (2) approve an alternative financing arrangement by:
- 4 (A) reducing the amount of the proposed school bus
- 5 purchase loan;
- 6 (B) modifying other terms of the proposed school bus
- 7 purchase loan;
- 8 (C) approving the use of other funding mechanisms that
- 9 are available to the school corporation to cover all or part
- 10 of the costs that would be covered by the proposed school
- 11 bus purchase loan;
- 12 (D) modifying the scope of the proposed purchase of school
- 13 buses; or
- 14 (E) any combination of the methods described in clauses
- 15 (A) through (D).

16 **Sec. 5. In determining whether to approve or disapprove a**
 17 **proposed school bus purchase loan, or to approve an alternative**
 18 **financing arrangement, the department shall consider the**
 19 **following factors:**

- 20 (1) Whether the proposed school bus purchase loan is
- 21 unnecessary or excessive.
- 22 (2) Whether an excessive impact on the tax rates, fees, or
- 23 other charges imposed by the school corporation will result
- 24 from the annual costs of operating, maintaining, and
- 25 repairing the vehicles to be purchased with the loan.
- 26 (3) Any other pertinent matter.

27 **Sec. 6. The department shall render a decision not more than**
 28 **three (3) months after the date it receives a request for approval**
 29 **under this chapter. However, the department may extend this three**
 30 **(3) month period by an additional three (3) months if, at least ten**
 31 **(10) days before the end of the original three (3) month period, the**
 32 **department sends notice of the extension to the executive officer of**
 33 **the school corporation.**

34 **Sec. 7. A school corporation may petition for judicial review of**
 35 **the final determination of the department under this chapter. The**
 36 **petition must be filed in the tax court not more than forty-five (45)**
 37 **days after the department enters its order under this chapter.**

38 **Sec. 8. A taxpayer may petition for judicial review of the final**
 39 **determination of the department under this chapter. The petition**
 40 **must be filed in the tax court not more than thirty (30) days after**
 41 **the department enters its order under this section.**

42 **Chapter 10. Jay County School Corporation**

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1 **Sec. 1. The levy and property tax rate for an excessive levy**
2 **granted under IC 6-1.1-19-10.5 (repealed) before January 1, 2006,**
3 **is transferred to the Jay County School Corporation debt service**
4 **fund for property taxes first due and payable after December 31,**
5 **2005.**

6 **Sec. 2. The relief under section 1 of this chapter is granted as an**
7 **advance of state funds related to an intercept action to be paid**
8 **back to the treasurer of state in two hundred forty (240) payments**
9 **of:**

10 **(1) thirteen thousand eight hundred eighty-two dollars**
11 **(\$13,882) beginning on January 15, 2001, and ending May 15,**
12 **2003; and**

13 **(2) equal installment amounts beginning June 15, 2003, and**
14 **ending with final payment on December 31, 2020.**

15 **SECTION 73. IC 6-15 IS ADDED TO THE INDIANA CODE AS**
16 **A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,**
17 **2005]:**

18 **ARTICLE 15. CUMULATIVE FUNDS, SINKING FUNDS,**
19 **AND OTHER FIXED RATE LEVIES**

20 **Chapter 1. Definitions**

21 **Sec. 1. The definitions in IC 6-1.1, IC 6-11, and IC 36-1-2 apply**
22 **throughout this article.**

23 **Sec. 2. The definitions in this chapter apply throughout this**
24 **article.**

25 **Sec. 3. "Fixed rate levy" refers to a property tax imposed for a**
26 **fund or purpose described in a law listed or described in**
27 **IC 6-15-3-1 or IC 6-15-4-1.**

28 **Chapter 2. General Provisions**

29 **Sec. 1. A fixed rate levy is not:**

30 **(1) subject to the controlled tax limits or controlled levy limits**
31 **imposed under IC 6-12; or**

32 **(2) included in the computation of a political subdivision's**
33 **controlled tax limit or controlled levy limit for a year.**

34 **Sec. 2. A fixed rate levy shall be treated as an excluded tax.**

35 **Sec. 3. The collection of money in excess of the amount certified**
36 **for a fixed rate levy is valid. The excess shall be treated as excess**
37 **revenue and deposited in the political subdivision's excess revenue**
38 **fund account under IC 6-11-22.**

39 **Chapter 3. Cumulative Fund Tax Levy Procedures**

40 **Sec. 1. This chapter applies to the establishment and imposition**
41 **of a tax levy for cumulative funds under the following:**

42 **(1) IC 3-11-6.**

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- 1 (2) IC 8-10-5.
- 2 (3) IC 8-16-3.
- 3 (4) IC 8-16-3.1.
- 4 (5) IC 8-22-3.
- 5 (6) IC 14-27-6.
- 6 (7) IC 14-33-21.
- 7 (8) IC 16-22-4.
- 8 (9) IC 16-22-5.
- 9 (10) IC 16-22-8.
- 10 (11) IC 36-8-14.
- 11 (12) IC 36-9-4.
- 12 (13) IC 36-9-14.
- 13 (14) IC 36-9-14.5.
- 14 (15) IC 36-9-15.
- 15 (16) IC 36-9-15.5.
- 16 (17) IC 36-9-16.
- 17 (18) IC 36-9-17.
- 18 (19) IC 36-9-17.5.
- 19 (20) IC 36-9-26.
- 20 (21) IC 36-9-27.
- 21 (22) IC 36-10-3.
- 22 (23) IC 36-10-4.
- 23 (24) IC 36-10-7.5.
- 24 (25) Any other statute that specifies that a property tax levy
- 25 may be imposed under this chapter.
- 26 **Sec. 2. (a) In addition to complying with the budget, tax rate,**
- 27 **and tax levy requirements applicable to other tax levies, a political**
- 28 **subdivision may:**
- 29 **(1) establish a cumulative fund and impose a property tax for**
- 30 **the cumulative fund; or**
- 31 **(2) increase the tax rate for a cumulative fund;**
- 32 **only after the proposal is adopted and approved in compliance with**
- 33 **this chapter.**
- 34 **(b) If an action described in this section is not adopted or**
- 35 **approved in conformity with this chapter, the political subdivision**
- 36 **may not levy a tax for the fund in the ensuing year.**
- 37 **Sec. 3. (a) A political subdivision that proposes to establish a**
- 38 **fund under this chapter must:**
- 39 **(1) give notice of the proposal to the affected taxpayers; and**
- 40 **(2) hold a public hearing on the proposal;**
- 41 **before presenting the proposal to the department for approval.**
- 42 **(b) Notice of the proposal and of the public hearing shall be**

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given by publication in accordance with IC 5-3-1.

(c) For a cumulative fund authorized under IC 3-11-6 or IC 8-10-5-17, the political subdivision imposing a property tax levy shall post a notice of the proposal and the public hearing in three (3) public places in the political subdivision.

(d) A notice required by this section must describe the tax levy that will be imposed for the fund.

Sec. 4. A political subdivision that in any year adopts a proposal under this chapter must submit the proposal to the department before August 2 of that year. If a proposal under this chapter is not submitted to the department before August 2 of a year, the political subdivision may not levy a tax for the cumulative fund or sinking fund in the ensuing year.

Sec. 5. The department shall require that a notice of submission under section 4 of this chapter be given to the taxpayers of the county. The notice shall be published in one (1) publication and posted in the same manner as required by section 3 of this chapter.

Sec. 6. Not later than noon of the day that is thirty (30) days after the publication of the notice required by section 3 of this chapter:

- (1) at least ten (10) taxpayers in the taxing district, if the fund is authorized under IC 8-10-5-17, IC 8-16-3-1, IC 8-16-3.1-4, IC 14-27-6-48, IC 14-33-21-2, IC 36-8-14-2, IC 36-9-4-48, or IC 36-10-4-36;
- (2) at least twenty (20) taxpayers in a county served by a hospital, if the fund is authorized under IC 16-22-4-1;
- (3) at least thirty (30) taxpayers in a tax district, if the fund is authorized under IC 36-10-3-21 or IC 36-10-7.5-19;
- (4) at least fifty (50) taxpayers in a municipality, if subdivisions (1), (2), (3), and (5) do not apply; or
- (5) at least one hundred (100) taxpayers in the county, if the fund is authorized by IC 3-11-6;

may file a petition with the county auditor stating their objections to an action described in section 2 of this chapter. Upon the filing of the petition, the county auditor shall immediately certify the petition to the department.

Sec. 7. (a) The department shall within a reasonable time set a date for a hearing on a petition filed under section 6 of this chapter.

(b) For a cumulative fund authorized under IC 3-11-6 or IC 36-9-4-48, the hearing must be held in the county affected by the proposed action.

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Sec. 8. The department shall give notice of the hearing required by section 7 of this chapter to:

- (1) the county auditor; and**
- (2) the first ten (10) taxpayers whose names appear on the petition filed under section 6 of this chapter.**

The notice must be given by letter signed by the commissioner or deputy commissioner of the department and sent by mail with prepaid postage to the auditor and the taxpayers at their usual places of residence at least five (5) days before the date set for the hearing.

Sec. 9. (a) After a hearing on a proposal (if a hearing is required) or after the proposal is submitted to the department under section 4 of this chapter (if no hearing is required), the department shall certify approval, disapproval, or modification of the proposal to the county auditor.

(b) A:

- (1) taxpayer who signed a petition filed under section 6 of this chapter; or**
- (2) political subdivision submitting a proposal for approval; may petition for judicial review of the final determination of the department under subsection (a). The petition must be filed in the tax court not more than forty-five (45) days after the department certifies its action under subsection (a).**

Sec. 10. To provide for a fund, a political subdivision may levy a tax on all taxable property within the jurisdiction authorized to establish the fund. The tax may not exceed the tax rate specified in the statute authorizing the fund.

Sec. 11. If a political subdivision considers it advisable after the levy has been approved, the governing body imposing the levy for the political subdivision may reduce or rescind the annual levy.

Sec. 12. At least:

- (1) ten (10) taxpayers in the tax district, if the fund is authorized under IC 8-10-5-17, IC 8-16-3-1, IC 8-16-3.1-4, IC 14-27-6-48, IC 14-33-21-2, IC 36-8-14-2, IC 36-9-4-48, or IC 36-10-4-36; or**

(2) fifty (50) taxpayers in the area where a property tax for a fund is imposed, if subdivision (1) does not apply; may file with the county auditor, by noon on August 1 of a year, a petition for reduction or revision of the levy approved under this chapter. The petition must state the taxpayers' objections to the levy. The county auditor shall certify the petition to the department, and the same procedure for notice and hearing must

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1 be followed that was required for the original levy. After a hearing
2 on the petition, the department may confirm, reduce, or rescind the
3 levy. The department's action is final and conclusive.

4 Sec. 13. After a political subdivision complies with this chapter,
5 a property tax may be levied annually at the tax rate approved
6 under this chapter without further action under this chapter. The
7 tax levy must be advertised annually as other tax levies are
8 advertised.

9 Sec. 14. The tax collected for a fund must be held in the fund for
10 which the tax was levied. The fund may not be expended for any
11 purpose other than the purposes specified by the statute
12 authorizing the fund. Except to the extent that IC 8-16-3-3(c),
13 IC 14-27-6-48(c), IC 36-9-14.5-8(c), IC 36-9-15.5-8(c), or another
14 statute specifically provides a different procedure, expenditures
15 may be made from the fund only after an appropriation has been
16 made in the manner provided by law for making other
17 appropriations.

18 Sec. 15. If the political subdivision establishing a fund:
19 (1) determines that the purposes for which the fund was
20 established have been accomplished or no longer exist; or
21 (2) rescinds the tax levy for the fund;
22 the governing body establishing the fund for the political
23 subdivision may transfer the balance in the fund to the general
24 fund of the political subdivision. The money in a fund does not
25 otherwise revert to the general fund of a political subdivision at the
26 end of the political subdivision's fiscal year.

27 Chapter 4. General Reassessment Adjustment of Fixed Rate
28 Levies

29 Sec. 1. This chapter applies to the property tax levies under:

- 30 (1) IC 8-10-5-17;
- 31 (2) IC 8-22-3-11;
- 32 (3) IC 8-22-3-25;
- 33 (4) IC 12-29-1-1;
- 34 (5) IC 12-29-1-2;
- 35 (6) IC 12-29-1-3;
- 36 (7) IC 12-29-3-6;
- 37 (8) IC 13-21-3-12;
- 38 (9) IC 13-21-3-15;
- 39 (10) IC 14-27-6-30;
- 40 (11) IC 14-33-7-3;
- 41 (12) IC 14-33-21-5;
- 42 (13) IC 15-1-6-2;

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- 1 (14) IC 15-1-8-1;
- 2 (15) IC 15-1-8-2;
- 3 (16) IC 16-20-2-18;
- 4 (17) IC 16-20-4-27;
- 5 (18) IC 16-20-7-2;
- 6 (19) IC 16-23-1-29;
- 7 (20) IC 16-23-3-6;
- 8 (21) IC 16-23-4-2;
- 9 (22) IC 16-23-5-6;
- 10 (23) IC 16-23-7-2;
- 11 (24) IC 16-23-8-2;
- 12 (25) IC 16-23-9-2;
- 13 (26) IC 16-41-15-5;
- 14 (27) IC 16-41-33-4;
- 15 (28) IC 20-5-17.5-2 (before its repeal), IC 36-10-13-4, or
- 16 IC 36-10-13-5;
- 17 (29) IC 20-5-17.5-3 (before its repeal) or IC 36-10-13-7;
- 18 (30) IC 20-5-37-4 (before its repeal) or IC 20-26-8-4;
- 19 (31) IC 20-14-7-5.1 (before its repeal) or IC 36-12-7-7;
- 20 (32) IC 20-14-7-6 (before its repeal) or IC 36-12-7-8;
- 21 (33) IC 20-14-13-12 (before its repeal) or IC 36-12-12-10;
- 22 (34) IC 21-1-11-3;
- 23 (35) IC 21-2-17-2;
- 24 (36) IC 23-13-17-1;
- 25 (37) IC 23-14-66-2;
- 26 (38) IC 23-14-67-3;
- 27 (39) IC 36-7-13-4;
- 28 (40) IC 36-7-14-28;
- 29 (41) IC 36-7-15.1-16;
- 30 (42) IC 36-8-19-8.5;
- 31 (43) IC 36-9-6.1-2;
- 32 (44) IC 36-9-17.5-4;
- 33 (45) IC 36-9-27-73;
- 34 (46) IC 36-9-29-31;
- 35 (47) IC 36-9-29.1-15;
- 36 (48) IC 36-10-6-2;
- 37 (49) IC 36-10-7-7;
- 38 (50) IC 36-10-7-8;
- 39 (51) IC 36-10-7.5-19; and
- 40 (52) any statute enacted after December 31, 2003, that:
- 41 (A) establishes a maximum rate for any part of the:
- 42 (i) property taxes; or

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- 1 (ii) special benefits taxes;
- 2 imposed by a political subdivision; and
- 3 (B) does not exempt the maximum rate from the
- 4 adjustment under this section.

5 Sec. 2. For purposes of this chapter, "maximum rate" refers to
6 the maximum:

- 7 (1) property tax rate or rates; or
 - 8 (2) special benefits tax rate or rates;
- 9 referred to in the laws listed in section 1 of this chapter.

10 Sec. 3. The maximum rate for taxes first due and payable after
11 2003 is the maximum rate that would have been determined under
12 section 5 of this chapter for taxes first due and payable in 2003 if
13 section 5 of this chapter had applied for taxes first due and payable
14 in 2003.

15 Sec. 4. The maximum rate must be adjusted:

- 16 (1) each time an annual adjustment of the assessed value of
- 17 real property takes effect under IC 6-1.1-4-4.5; and
- 18 (2) each time a general reassessment of real property takes
- 19 effect under IC 6-1.1-4-4.

20 Sec. 5. The new maximum rate under a statute listed in section
21 1 of this chapter is the tax rate determined under STEP SEVEN of
22 the following STEPS:

23 STEP ONE: Determine the maximum rate for the political
24 subdivision levying a property tax or special benefits tax
25 under the statute for the year preceding the year in which the
26 annual adjustment or general reassessment takes effect.

27 STEP TWO: Determine the actual percentage increase
28 (rounded to the nearest one-hundredth percent (0.01%)) in
29 the assessed value (before the adjustment, if any, under
30 IC 6-1.1-4-4.5) of the taxable property from the year
31 preceding the year the annual adjustment or general
32 reassessment takes effect to the year that the annual
33 adjustment or general reassessment takes effect.

34 STEP THREE: Determine the three (3) years that
35 immediately precede the ensuing year and in which a
36 statewide general reassessment of real property does not first
37 take effect.

38 STEP FOUR: Compute separately, for each of the years
39 determined in STEP THREE, the actual percentage increase
40 (rounded to the nearest one-hundredth percent (0.01%)) in
41 the assessed value (before the adjustment, if any, under
42 IC 6-1.1-4-4.5) of the taxable property from the preceding

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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.

Sec. 6. The department shall compute the maximum rate allowed under section 5 of this chapter and provide the rate to each political subdivision with authority to levy a tax under a statute listed in section 1 of this chapter.

SECTION 74. IC 8-9.5-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 2. As used in this chapter, "authority" means:

- (1) an authority or agency established under IC 8-1-2.2 or IC 8-9.5 through IC 8-23;
- (2) the commission established under IC 4-13.5;
- (3) only in connection with a program established under IC 13-18-13 or IC 13-18-21, the bank established under IC 5-1.5;
- or
- (4) a fund or program established under IC 13-18-13 or IC 13-18-21;
- (5) the authority established under IC 4-4-11; or**
- (6) the authority established under IC 5-1-17.**

SECTION 75. IC 12-13-8-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5. ~~For taxes first due and payable in~~ Each year after ~~2003~~, each county shall impose a **controlled taxes for** medical assistance property tax levy equal to the product of:

- (1) the **controlled taxes certified for the county by the department of local government finance under this section for** medical assistance property tax levy imposed for ~~taxes first due and payable~~ in the preceding year, as that ~~levy amount~~ was determined by the department of local government finance in fixing the ~~civil taxing unit's county's~~ budget, ~~levy; taxes,~~ and **rate tax rates** for that preceding calendar year under, **before 2008,** IC 6-1.1-17 **and, after 2005, IC 6-13** and after eliminating the effects of ~~temporary excessive levy appeals and any other~~ temporary adjustments made to the ~~levy taxes~~ for the calendar

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1 year; multiplied by
 2 (2) the ~~statewide average assessed value tax~~ growth quotient
 3 ~~using all the county assessed value growth quotients~~ determined
 4 under ~~IC 6-1.1-18.5-2~~ **IC 6-12-4-4** for the year in which the tax
 5 ~~levy~~ under this section will be first due and payable.

6 If the amount ~~levied tax~~ in a particular year exceeds the amount
 7 necessary to cover the costs payable from the fund, the ~~levy tax~~ in the
 8 following year shall be reduced by the amount of surplus money **as a**
 9 **temporary adjustment to the county's controlled tax limit and**
 10 **controlled levy limit.**

11 SECTION 76. IC 12-16-14-3 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3. (a) For
 13 purposes of this section, "payable claim" has the meaning set forth in
 14 IC 12-16-7.5-2.5(b)(1).

15 (b) For taxes first due and payable in 2003; each county shall
 16 impose a hospital care for the indigent property tax levy equal to the
 17 product of:

18 (1) the county's hospital care for the indigent property tax levy for
 19 taxes first due and payable in 2002; multiplied by

20 (2) the county's assessed value growth quotient determined under
 21 ~~IC 6-1.1-18.5-2~~ for taxes first due and payable in 2003:

22 (c) (b) For taxes first due and payable in ~~2004~~ 2005; and for 2006,
 23 each county shall impose a **controlled taxes for** hospital care for the
 24 indigent property tax levy equal to the product of:

25 (1) the county's hospital care for the indigent property tax levy for
 26 taxes first due and payable in ~~the preceding year;~~ **2005**; multiplied
 27 by

28 (2) the ~~assessed value tax~~ growth quotient determined in the last
 29 ~~STEP~~ of the following ~~STEPS~~:

30 ~~STEP ONE:~~ Determine the three (3) calendar years that most
 31 immediately precede the ensuing calendar year and in which a
 32 statewide general reassessment of real property does not first
 33 become effective:

34 ~~STEP TWO:~~ Compute separately, for each of the calendar years
 35 determined in ~~STEP ONE~~; the quotient (rounded to the nearest
 36 ten-thousandth) of the county's total assessed value of all taxable
 37 property in the particular calendar year; divided by the county's
 38 total assessed value of all taxable property in the calendar year
 39 immediately preceding the particular calendar year:

40 ~~STEP THREE:~~ Divide the sum of the three (3) quotients
 41 computed in ~~STEP TWO~~ by three (3); **under IC 6-12-4-4 for**
 42 **2006.**

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1 ~~(d)~~ Except as provided ~~(c)~~ **Subject to the limitations** in subsection
2 ~~(e)~~: **(d), each county shall impose controlled taxes for hospital care**
3 **for the indigent equal to:**
4 (1) for taxes first due and payable in 2007, each county shall
5 impose a hospital care for the indigent property tax levy equal to
6 the average annual amount of payable claims attributed to the
7 county under IC 12-16-7.5-4.5 during the state fiscal years
8 beginning:
9 (A) July 1, 2003;
10 (B) July 1, 2004; and
11 (C) July 1, 2005; and
12 (2) for all subsequent ~~annual levies under this section, years,~~
13 the average annual amount of payable claims attributed to the county
14 under IC 12-16-7.5-4.5 during the three (3) most recently
15 completed state fiscal years.
16 ~~(e)~~ **(d)** A county may not impose an ~~annual levy~~ **controlled taxes in**
17 **any year** under subsection ~~(d)~~ **(c)** in an amount greater than the
18 product of:
19 (1) The greater of:
20 (A) the ~~county's amount of controlled taxes imposed by the~~
21 **county for** hospital care for the indigent property tax levy for
22 taxes first due and payable in 2006; or
23 (B) the amount of ~~the county's maximum controlled taxes~~
24 **certified for the county by the department of local**
25 **government finance** for hospital care for the indigent,
26 property tax levy **as the amount was** determined under this
27 subsection for taxes first due and payable ~~in~~ **by the**
28 **department of local government finance in fixing the**
29 **county's budget, taxes, and tax rates for that preceding**
30 **calendar year under, before 2006, IC 6-1.1-17 and after**
31 **2005, IC 6-13 and after eliminating the effects of**
32 **temporary adjustments made to the amount for the**
33 immediately preceding year; multiplied by
34 (2) the assessed value tax growth quotient determined in the last
35 STEP of the following STEPS:
36 STEP ONE: Determine the three (3) calendar years that most
37 immediately precede the ensuing calendar year and in which a
38 statewide general reassessment of real property does not first
39 become effective:
40 STEP TWO: Compute separately, for each of the calendar years
41 determined in STEP ONE, the quotient (rounded to the nearest
42 ten-thousandth) of the county's total assessed value of all taxable

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1 property in the particular calendar year, divided by the county's
 2 total assessed value of all taxable property in the calendar year
 3 immediately preceding the particular calendar year.
 4 STEP THREE: Divide the sum of the three (3) quotients
 5 computed in STEP TWO by three (3): **under IC 6-12-4-4 for the**
 6 **year.**

7 SECTION 77. IC 12-19-7-4 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4. (a) ~~For taxes~~
 9 ~~first due and payable in Each year after 2003~~; each county shall impose
 10 **a controlled taxes for the county family and children property tax levy**
 11 **children's fund, excluding any amount attributable for loans under**
 12 **this chapter or IC 12-19-5**, equal to the product of:

13 (1) the **controlled taxes certified for the county by the**
 14 **department of local government finance for the family and**
 15 **children property tax levy imposed children's fund** for taxes first
 16 due and payable in the preceding year, as that levy **amount** was
 17 determined by the department of local government finance in
 18 fixing the civil taxing unit's **county's** budget, ~~levy~~; ~~taxes~~, and ~~rate~~
 19 ~~tax rates~~ for that preceding calendar year under, **before 2006**,
 20 IC 6-1.1-17 **and after 2005, IC 6-13** and after eliminating the
 21 effects of ~~temporary excessive levy appeals~~ and any other
 22 temporary adjustments made to the ~~levy certified amount~~ for the
 23 calendar year; multiplied by

24 (2) the greater of:
 25 (A) the ~~county's assessed value tax~~ growth quotient for the
 26 ensuing calendar year, as determined under ~~IC 6-1.1-18.5-2~~;
 27 **IC 6-12-4-4**; or
 28 (B) one (1).

29 When a year in which a statewide general reassessment of real property
 30 first becomes effective is the year preceding the year that the property
 31 tax levy under this subsection will be first due and payable, the amount
 32 to be used in subdivision (2) equals the average of the amounts used in
 33 determining the two (2) most recent adjustments in the county's levy
 34 under this section. If the amount levied in a particular year exceeds the
 35 amount necessary to cover the costs payable from the fund, the levy in
 36 the following year shall be reduced by the amount of surplus money.

37 (b) The department of local government finance shall review each
 38 county's property tax levy under this section and shall enforce the
 39 requirements of this section with respect to that levy.

40 SECTION 78. IC 12-19-7.5-6 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 6. (a) ~~For taxes~~
 42 ~~first due and payable in 2004~~; each county must impose a county

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1 children's psychiatric residential services property tax levy equal to the
2 amount determined using the following formula:

3 STEP ONE: Determine the sum of the amounts that were paid by
4 the county minus the amounts reimbursed by the state (including
5 reimbursements made with federal money), as determined by the
6 state board of accounts in 2000, 2001, and 2002 for payments to
7 facilities licensed under 470 IAC 3-13 for services that were made
8 on behalf of the children and for which payment was made from
9 the county family and children fund, or five percent (5%) of the
10 average family and children budget, as determined by the
11 department of local government finance in 2000, 2001, and 2002,
12 whichever is greater.

13 STEP TWO: Subtract from the amount determined in STEP ONE
14 the sum of the miscellaneous taxes that were allocated to the
15 county family and children fund and used to pay the costs for
16 providing services in facilities licensed under 470 IAC 3-13 in
17 2000, 2001, and 2002.

18 STEP THREE: Divide the amount determined in STEP TWO by
19 three (3).

20 STEP FOUR: Calculate the STEP ONE amount and the STEP
21 TWO amount for 2002 expenses only.

22 STEP FIVE: Adjust the amounts determined in STEP THREE and
23 STEP FOUR by the amount determined by the department of
24 local government finance under subsection (c).

25 STEP SIX: Determine whether the amount calculated in STEP
26 THREE, as adjusted in STEP FIVE, or the amount calculated in
27 STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the
28 greater amount by the assessed value growth quotient determined
29 under IC 6-1.1-18.5-2 for the county for property taxes first due
30 and payable in 2003.

31 STEP SEVEN: Multiply the amount determined in STEP SIX by
32 the county's assessed value growth quotient for property taxes first
33 due and payable in 2004, as determined under IC 6-1.1-18.5-2.

34 (b) For taxes first due and payable in Each year after 2004, each
35 county shall impose a **county controlled taxes for the children's**
36 **psychiatric residential treatment services property tax levy fund,**
37 **excluding any amount attributable for loans under this chapter or**
38 **IC 12-19-5,** equal to the product of:

- 39 (1) the **controlled taxes certified for the county by the**
40 **department of local government finance for the children's**
41 **psychiatric residential treatment services property tax levy**
42 **imposed for taxes first due and payable fund** in the preceding

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1 year, as that ~~levy amount~~ was determined by the department of
2 local government finance in fixing the ~~civil taxing unit's county's~~
3 budget, ~~levy, taxes,~~ and ~~rate tax rates~~ for that preceding calendar
4 year under, ~~before 2006, IC 6-1.1-17 and after 2005, IC 6-13~~
5 and after eliminating the effects of ~~temporary excessive levy~~
6 ~~appeals and any other~~ temporary adjustments made to the ~~levy~~
7 ~~certified amount~~ for the calendar year; multiplied by

- 8 (2) the greater of:
9 (A) the ~~county's assessed tax~~ value growth quotient for the
10 ensuing calendar year, as determined under ~~IC 6-1.1-18.5-2;~~
11 ~~IC 6-12-4-4;~~ or
12 (B) one (1).

13 ~~When a year in which a statewide general reassessment of real property~~
14 ~~first becomes effective is the year preceding the year that the property~~
15 ~~tax levy under this subsection will be first due and payable; the amount~~
16 ~~to be used in subdivision (2) equals the average of the amounts used in~~
17 ~~determining the two (2) most recent adjustments in the county's levy~~
18 ~~under this section. If the amount levied in a particular year exceeds the~~
19 ~~amount necessary to cover the costs payable from the fund; the levy in~~
20 ~~the following year shall be reduced by the amount of surplus money.~~

21 (c) For taxes first due and payable in 2004; the department of local
22 government finance shall adjust the levy for each county to reflect the
23 county's actual expenses incurred in providing services to children in
24 facilities licensed under 470 IAC 3-13 in 2000; 2001; and 2002. In
25 making this adjustment; the department of local government finance
26 may consider all relevant information; including the county's use of
27 bond and loan proceeds to pay these expenses.

28 (d) The department of local government finance shall review each
29 county's property tax levy under this section and shall enforce the
30 requirements of this section with respect to that levy.

31 SECTION 79. IC 12-20-21-4 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. **Subject to**
33 **IC 12-20-23**, if the board of commissioners determines from the ~~levies~~
34 ~~made~~ **controlled taxes imposed** by the respective townships for poor
35 relief purposes that there will be insufficient money in the township
36 poor relief fund to provide free and available money during the
37 following year for poor relief purposes on the basis of the total costs of
38 poor relief granted by the township trustees, as administrators of poor
39 relief, for the previous twelve (12) months:

- 40 (1) the board of commissioners may include estimates for the
41 advancements in the county general fund budget; **and**
42 (2) the county fiscal body may appropriate for the advancement

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1 in the budget and, ~~levy to the extent that an increase in the~~
 2 **county's tax will not exceed the county's controlled tax limit,**
 3 **impose controlled taxes** as adopted by the county fiscal body.
 4 **and**
 5 ~~(3)~~ The department shall include that amount in the final
 6 **determination of the county general fund ~~levy~~ budget.**

7 SECTION 80. IC 12-20-25-4 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4. As used in this
 9 chapter, "distressed township" means:

- 10 (1) a township that:
- 11 (A) has a valid poor relief claim that the county auditor cannot
 - 12 pay within thirty (30) days after the claim is approved for
 - 13 payment under IC 12-2-1-31 (before its repeal) or
 - 14 IC 12-20-20;
 - 15 (B) has poor relief expenditures during a year that exceed the
 - 16 year's poor relief revenues, excluding any advances from the
 - 17 state and revenues from short term loans from the county or a
 - 18 financial institution or advances from the county from the
 - 19 proceeds of bonds, made or issued under:
 - 20 (i) this article; or
 - 21 (ii) IC 12-2-1, IC 12-2-4.5, or IC 12-2-5 (before the repeal
 - 22 of those statutes);
 - 23 (C) has imposed and dedicated to poor relief at least ninety
 - 24 percent (90%) of the maximum ~~permissible ad valorem~~
 - 25 **property tax ~~levy~~ amount of controlled taxes** permitted for all
 - 26 of the township's money under ~~IC 6-1-1-18.5; IC 6-12;~~ and
 - 27 (D) has outstanding indebtedness that exceeds one and
 - 28 eight-tenths percent (1.8%) of the township's adjusted value of
 - 29 taxable property in the district as determined under
 - 30 IC 36-1-15; or

- 31 (2) a township that:
- 32 (A) has been a controlled township during any part of the
 - 33 preceding five (5) years;
 - 34 (B) has a valid poor relief claim that the county auditor cannot
 - 35 pay within thirty (30) days after the claim is approved for
 - 36 payment under IC 12-2-1-31 (before its repeal) or
 - 37 IC 12-20-20; and
 - 38 (C) uses advances from the county from proceeds of bonds
 - 39 issued under IC 12-2-1 (before its repeal) or this article.

40 SECTION 81. IC 12-29-2-2 IS AMENDED TO READ AS
 41 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 2. (a) A county
 42 shall fund the operation of community mental health centers in the

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1 amount determined under subsection (b), unless a lower tax levy
2 amount will be adequate to fulfill the county's financial obligations
3 under this chapter in any of the following situations:

- 4 (1) If the total population of the county is served by one (1)
5 center.
- 6 (2) If the total population of the county is served by more than one
7 (1) center.
- 8 (3) If the partial population of the county is served by one (1)
9 center.
- 10 (4) If the partial population of the county is served by more than
11 one (1) center.

12 (b) The amount of funding under subsection (a) for taxes ~~first due~~
13 ~~and payable~~ in a calendar year is the following:

14 ~~(1) For 2004, the amount is the amount determined under STEP~~
15 ~~THREE of the following formula:~~

16 ~~STEP ONE: Determine the amount that was levied within the~~
17 ~~county to comply with this section from property taxes first~~
18 ~~due and payable in 2002.~~

19 ~~STEP TWO: Multiply the STEP ONE result by the county's~~
20 ~~assessed value growth quotient for the ensuing year 2003, as~~
21 ~~determined under IC 6-1.1-18.5-2.~~

22 ~~STEP THREE: Multiply the STEP TWO result by the county's~~
23 ~~assessed value growth quotient for the ensuing year 2004, as~~
24 ~~determined under IC 6-1.1-18.5-2.~~

25 ~~(2) For 2005 and each year thereafter, the result equal to:~~

26 ~~(A) (1) the amount that was levied of controlled taxes imposed~~
27 ~~in the county to comply with this section from property taxes first~~
28 ~~due and payable in the calendar year immediately preceding the~~
29 ~~ensuing calendar year; multiplied by~~

30 ~~(B) (2) the county's assessed tax value growth quotient for the~~
31 ~~ensuing calendar year, as determined under IC 6-1.1-18.5-2.~~

32 ~~IC 6-12-4-4.~~

33 SECTION 82. IC 16-35-3-3 IS AMENDED TO READ AS
34 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3. (a) For taxes
35 first due and payable in Each year after 2003, each county shall impose
36 a controlled taxes for children with special health care needs property
37 tax levy equal to the product of:

- 38 (1) the amount, excluding any amount attributable for loans
39 under this chapter or IC 12-19-5, controlled taxes imposed for
40 children with special health care needs property tax levy imposed
41 for taxes first due and payable in the preceding year, as that levy
42 amount was determined by the department of local government

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1 finance in fixing the ~~civil taxing unit's~~ **county's** budget, ~~levy,~~
 2 ~~taxes,~~ and ~~rate tax rates~~ for that preceding calendar year under,
 3 ~~before 2006, IC 6-1.1-17 and after 2005, IC 6-13~~ and after
 4 eliminating the effects of ~~temporary excessive levy appeals and~~
 5 ~~any other~~ temporary adjustments made to the ~~levy amount~~ for the
 6 calendar year; multiplied by
 7 (2) the greater of:
 8 (A) the ~~county's assessed value tax~~ growth quotient for the
 9 ensuing calendar year, as determined under ~~IC 6-1.1-18.5-2;~~
 10 **IC 6-12-4-4;** or
 11 (B) one (1).

12 ~~When a year in which a statewide general reassessment of real property~~
 13 ~~first becomes effective is the year preceding the year that the property~~
 14 ~~tax levy under this subsection will be first due and payable, the amount~~
 15 ~~to be used in subdivision (2) equals the average of the amounts used in~~
 16 ~~determining the two (2) most recent adjustments in the county's levy~~
 17 ~~under this section. If the amount levied in a particular year exceeds the~~
 18 ~~amount necessary to cover the costs payable from the fund, the levy in~~
 19 ~~the following year shall be reduced by the amount of surplus money.~~

20 (b) ~~The department of local government finance shall review each~~
 21 ~~county's property tax levy under this section and shall enforce the~~
 22 ~~requirements of this section with respect to that levy.~~

23 SECTION 83. IC 16-44-2-18 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. (a) Except as
 25 provided in subsection (b), fees for the inspection of gasoline or
 26 kerosene shall be at the rate of ~~forty~~ **fifty** cents ~~(\$0.40)~~ **(\$0.50)** per
 27 barrel (fifty (50) gallons) on all gasoline or kerosene received in
 28 Indiana less deductions provided in this section.

29 (b) A fee for inspection of gasoline or kerosene may not be charged
 30 for the following:

- 31 (1) On transport or tank car shipments direct to the federal
 32 government.
- 33 (2) On gasoline or kerosene received and subsequently exported
 34 from Indiana or returned to refineries or marine or pipeline
 35 terminals in Indiana.

36 (c) Fees shall be paid to the state department by the person receiving
 37 gasoline or kerosene in Indiana at the time gasoline or kerosene
 38 products are received, unless the person receiving the gasoline or
 39 kerosene is licensed as a distributor under the gasoline tax law
 40 (IC 6-6-1.1). In that case, the person in receipt of the gasoline or
 41 kerosene shall do the following:

- 42 (1) Include in the person's monthly gasoline tax report a statement

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1 of all gasoline and kerosene received during the preceding
 2 calendar month on which inspection fees are due.
 3 (2) Remit the amount of the inspection fees at the same time the
 4 monthly motor fuel tax report is due.
 5 (d) A refiner or other person supplying gasoline or kerosene to the
 6 first receiver in Indiana may elect to pay the fees monthly on all
 7 gasoline or kerosene supplied to persons in Indiana not licensed as
 8 distributors under the gasoline tax law (IC 6-6-1.1). If the supplier is
 9 not licensed as a distributor under the gasoline tax law of Indiana
 10 (IC 6-6-1.1), the supplier shall, as a condition precedent to such
 11 election, file with the state department a corporate surety bond that
 12 meets the following conditions:
 13 (1) Is in the form and amount that the state department
 14 determines, not to exceed two thousand dollars (\$2,000).
 15 (2) Is conditioned that the supplier does the following:
 16 (A) Reports all gasoline and kerosene supplied by the supplier
 17 to persons in Indiana not licensed as distributors under the
 18 gasoline tax law (IC 6-6-1.1).
 19 (B) Pays inspection fees monthly on or before the twenty-fifth
 20 day of each calendar month for the preceding calendar month.
 21 (e) A person taking credit for gasoline or kerosene exported or
 22 returned to a refinery or terminal shall substantiate that credit in the
 23 manner that the state department reasonably requires by rule.
 24 (f) A distributor who fails to file a monthly report and pay the tax
 25 due as required by this chapter is subject to a penalty of five percent
 26 (5%) of the amount of unpaid tax due and interest on the unpaid tax
 27 and penalty at the rate of eight percent (8%) annually. However, if a
 28 delay not exceeding ten (10) days is due to a mistake, an accident, or
 29 an oversight without intent to avoid payment, the administrator may
 30 waive the penalty and interest.
 31 SECTION 84. IC 16-44-2-18.5 IS ADDED TO THE INDIANA
 32 CODE AS A NEW SECTION TO READ AS FOLLOWS
 33 [EFFECTIVE JULY 1, 2005]: **Sec. 18.5. (a) As used in this section,**
 34 **"special fuel" has the meaning set forth in IC 6-6-2.5-22, except**
 35 **that the term does not include kerosene.**
 36 **(b) Except as provided in subsection (c), fees for the inspection**
 37 **of special fuel shall be at the rate of fifty cents (\$0.50) per barrel**
 38 **(fifty (50) gallons) on all special fuel sold or used in producing or**
 39 **generating power for propelling motor vehicles in Indiana less**
 40 **deductions provided in this section.**
 41 **(c) A fee for the inspection of special fuel may not be charged**
 42 **with respect to special fuel that is exempt from the special fuel tax**

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1 under IC 6-6-2.5-30.

2 (d) The fee imposed by this chapter on special fuel sold or used
3 in producing or generating power for propelling motor vehicles in
4 Indiana shall be collected and remitted to the state at the same
5 time, by the same person, and in accordance with the same
6 requirements for collection and remittance of the special fuels tax
7 under IC 6-6-2.5-35.

8 (e) Fees collected under this section shall be deposited by the
9 department in the underground petroleum storage tank excess
10 liability trust fund established by IC 13-23-7-1.

11 (f) A person who receives a refund of special fuel tax under
12 IC 6-6-2.5 is also entitled to a refund of fees paid under this section
13 if:

- 14 (1) the fees were paid with respect to special fuel that was
- 15 used for an exempt purpose described in IC 6-6-2.5-30; and
- 16 (2) the person submits to the state department of revenue a
- 17 claim for a refund, in the form prescribed by the state of
- 18 department of revenue, that includes the following
- 19 information:

20 (A) Any evidence requested by the state department of
21 revenue concerning the person's:

- 22 (i) payment of the fee imposed by this section; and
- 23 (ii) receipt of a refund of special fuel taxes from the state
- 24 department of revenue under IC 6-6-2.5.

25 (B) Any other information reasonably requested by the
26 state department of revenue.

27 The state department of revenue may make any investigation it
28 considers necessary before refunding fees to a person.

29 SECTION 85. IC 20-12-1-2 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 2. (a) The Ball
31 State University board of trustees, Indiana State University board of
32 trustees, the trustees of Indiana University, the trustees of Purdue
33 University, and the University of Southern Indiana board of trustees,
34 each as to its respective institution, shall have the power and duty:

- 35 (1) to govern the disposition and method and purpose of use of
- 36 the property owned, used, or occupied by the institution, including
- 37 the governance of travel over and the assembly upon the property;
- 38 (2) to govern, by specific regulation and other lawful means, the
- 39 conduct of students, faculty, employees, and others while upon
- 40 the property owned, used, or occupied by the institutions;
- 41 (3) to govern, by lawful means, the conduct of its students,
- 42 faculty, and employees, wherever the conduct might occur, to the

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1 end of preventing unlawful or objectionable acts that seriously
 2 threaten the ability of the institution to maintain its facilities
 3 available for performance of its educational activities or that are
 4 in violation of the reasonable rules and standards of the institution
 5 designed to protect the academic community from unlawful
 6 conduct or conduct presenting a serious threat to person or
 7 property of the academic community;
 8 (4) to dismiss, suspend, or otherwise punish any student, faculty
 9 member, or employee of the institution who violates the
 10 institution's rules or standards of conduct, after determination of
 11 guilt by lawful proceedings;
 12 (5) to prescribe the fees, tuition, and charges necessary or
 13 convenient to the furthering of the purposes of the institution and
 14 to collect the prescribed fees, tuition, and charges;
 15 (6) to prescribe the conditions and standards of admission of
 16 students upon the bases as are in its opinion in the best interests
 17 of the state and the institution;
 18 (7) to prescribe the curricula and courses of study offered by the
 19 institution and define the standards of proficiency and satisfaction
 20 within the curricula and courses established by the institution;
 21 (8) to award financial aid to students and groups of students out
 22 of the available resources of the institution through scholarships,
 23 fellowships, loans, remissions of fees, tuitions, charges, or other
 24 funds on the basis of financial need, excellence of academic
 25 achievement, or potential achievement or any other basis as the
 26 governing board may find to be reasonably related to the
 27 educational purposes and objectives of the institution and in the
 28 best interest of the institution and the state;
 29 (9) to cooperate with other institutions to the end of better
 30 assuring the availability and utilization of its total resources and
 31 opportunities to provide excellent educational opportunity for all
 32 persons;
 33 (10) to establish and carry out written policies for the investment
 34 of the funds of the institution in the manner provided by
 35 IC 30-4-3-3; ~~and~~
 36 (11) to lease to any corporation, limited liability company,
 37 partnership, association, or individual real estate title to which is
 38 in the name of an institution or in the name of the state for the use
 39 and benefit of the leasing institution; ~~and~~
 40 **(12) to adopt policies and standards for making property**
 41 **owned by the institution reasonably available to be used free**
 42 **of charge as locations for the production of motion pictures.**

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1 (b) A lease may be for such term and for such rental, either nominal
 2 or otherwise, as the board determines to be in the best interest of the
 3 institution. No lease shall be executed under this section for a term
 4 exceeding four (4) years unless the execution is approved by the
 5 governor and by the ~~state~~ budget agency. The universities shall be
 6 exempt from all property taxes on any real estate leased under this
 7 section, and the lessee shall be liable for property taxes on the leased
 8 real estate as if the real estate were owned by the lessee in fee simple,
 9 unless the lessee is a student living in university-owned facilities.

10 (c) This section shall not be construed to deny any tax exemption
 11 that a lessee would have under other laws if the lessee were the owner
 12 in fee simple of the real estate.

13 SECTION 86. IC 20-24-7-10 IS ADDED TO THE INDIANA
 14 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 15 [EFFECTIVE JANUARY 1, 2006]: **Sec. 10. (a) Not later than the**
 16 **date on which the department of local government finance certifies**
 17 **a final action on budgets, taxes, and tax rates under IC 6-13, the**
 18 **department of local government finance shall provide to each**
 19 **county auditor the amount determined under section 3(c) of this**
 20 **chapter for each charter school attended by a student who has legal**
 21 **settlement in both the county and a school corporation located in**
 22 **the county.**

23 (b) **At the same time a county auditor distributes property taxes**
 24 **to a school corporation, the county auditor shall distribute to a**
 25 **charter school the amount described in subsection (a) for the**
 26 **charter school.**

27 (c) **A distribution of property taxes to a school corporation does**
 28 **not include an amount distributed under subsection (b).**

29 (d) **The department of education shall provide for the annual**
 30 **submission of reports before July 16 in each year from charter**
 31 **schools that provide reasonable estimate of the number of students**
 32 **that will be enrolled in the charter school in the current school**
 33 **year. The information shall be used to assist the department of**
 34 **local government finance in computing tax rates and tax amounts**
 35 **under IC 6-1.1-19-1.5. The department of education shall submit**
 36 **the information to the department of local government finance in**
 37 **the form and on the schedule required by the department of local**
 38 **government finance.**

39 SECTION 87. IC 21-2-11.5-3 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3. (a) Subject to
 41 subsection (b), each school corporation may ~~levy~~ **impose controlled**
 42 **taxes** for the calendar year ~~a property tax~~ for the school transportation

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1 fund sufficient to pay all operating costs attributable to transportation
2 that:

3 (1) are not paid from other revenues available to the fund as
4 specified in section 4 of this chapter; and

5 (2) are listed in section 2(a)(1) through 2(a)(7) of this chapter.

6 (b) ~~For each year after 2003~~; ~~The levy amount of controlled taxes~~
7 ~~for the fund may not exceed the levy amount of controlled taxes~~
8 ~~certified by the department of local government finance for the~~
9 ~~fund for the previous year, as that levy amount was determined by the~~
10 ~~department of local government finance in fixing the civil taxing unit's~~
11 ~~school corporation's budget, levy, taxes, and rate tax rates for that~~
12 ~~preceding calendar year under, before 2006, IC 6-1.1-17 and, after~~
13 ~~2005, under IC 6-13 and after eliminating the effects of temporary~~
14 ~~excessive levy appeals and any other temporary adjustments made to~~
15 ~~the levy amount for the calendar year, multiplied by the assessed value~~
16 ~~tax growth quotient determined under STEP FOUR of the following~~
17 ~~formula:~~

18 STEP ONE: For each of the six (6) calendar years immediately
19 preceding the year in which a budget is adopted under
20 IC 6-1.1-17-5 or IC 6-1.1-17-5.6 for part or all of the ensuing
21 calendar year; divide the Indiana nonfarm personal income for the
22 calendar year by the Indiana nonfarm personal income for the
23 calendar year immediately preceding that calendar year, rounding
24 to the nearest one-thousandth (0.001):

25 STEP TWO: Determine the sum of the STEP ONE results:

26 STEP THREE: Divide the STEP TWO result by six (6); rounding

27 to the nearest one-thousandth (0.001):

28 STEP FOUR: Determine the lesser of the following:

29 (A) The STEP THREE quotient:

30 (B) One and six-hundredths (1.06):

31 If the amount levied in a particular year exceeds the amount necessary
32 to cover the costs payable from the fund; the levy in the following year
33 shall be reduced by the amount of surplus money: IC 6-12-4-4 for the
34 ensuing year.

35 (c) Each school corporation may ~~levy~~ **impose controlled taxes** for
36 the calendar year a ~~tax~~ for the school bus replacement fund in
37 accordance with the school bus acquisition plan adopted under section
38 3.1 of this chapter.

39 (d) ~~The tax rate and levy for each fund shall be established as a part~~
40 ~~of the annual budget for the calendar year in accord with IC 6-1.1-17:~~

41 SECTION 88. IC 21-2-19 IS ADDED TO THE INDIANA CODE
42 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE

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JANUARY 1, 2006]:

Chapter 19. Racial Balance Fund

Sec. 1. This chapter applies to a school corporation that:

- (1) is located in Allen County or Marion County;**
- (2) is a party to a lawsuit alleging that its schools are segregated in violation of the Constitution of the United States or federal law;**
- (3) desires to improve or maintain racial balance among two (2) or more schools within the school corporation, regardless of the school corporation's basis for desiring to improve or maintain racial balance; and**
- (4) has a minority student enrollment that comprises at least ten percent (10%) of its total student enrollment, using the most recent enrollment data available to the school corporation.**

Sec. 2. As used in this chapter, "minority student" means a student who is black, Spanish American, Asian American, or American Indian.

Sec. 3. A school corporation may establish a racial balance fund if the department of local government finance:

- (1) approved a racial balance fund for the school corporation before January 1, 2006, under IC 6-1.1-19-10 (repealed); or**
- (2) approves a racial balance fund under this chapter.**

Sec. 4. The school corporation may petition the department of local government finance to impose an ad valorem property tax to raise revenue for the fund. However, before a school corporation may impose an ad valorem property tax under this chapter, the school corporation must file a petition with the department of local government finance. The petition must be filed before June 1 of the year preceding the first year the school corporation desires to impose the property tax and must include the following:

- (1) The name of the school corporation.**
- (2) A settlement agreement among the parties to a desegregation lawsuit that includes the program that will improve or maintain racial balance in the school corporation.**
- (3) The proposed property tax levy.**
- (4) Any other item required by the department of local government finance.**

Sec. 5. Upon receiving a petition under this chapter, the department of local government finance shall refer the petition to the local government tax control board. The local government tax control board shall consider the petition in the same manner as an

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1 appeal under IC 6-16. The local government tax control board may
2 recommend to the department of local government finance that a
3 school corporation be allowed to establish a racial balance fund to
4 be funded by an ad valorem property tax levy. The amount of the
5 levy shall be determined each year and the levy may not exceed the
6 lesser of the following:

7 (1) The revenue derived from a tax rate of eight and
8 thirty-three hundredths cents (\$0.0833) for each one hundred
9 dollars (\$100) of assessed valuation within the school
10 corporation.

11 (2) The revenue derived from a tax rate equal to the
12 difference between the maximum rate allowed for the school
13 corporation's capital projects fund under IC 21-2-15 minus
14 the actual capital projects fund rate that will be in effect for
15 the school corporation for a particular year.

16 Sec. 6. The department of local government finance shall review
17 the petition of the school corporation and:

- 18 (1) disapprove the petition if the petition does not comply with
19 this chapter;
- 20 (2) approve the petition; or
- 21 (3) approve the petition with modifications.

22 Sec. 7. A property tax levy under this chapter is in addition to,
23 and not part of, the school corporation's controlled tax limit and
24 controlled levy limit for purposes of determining the school
25 corporation's controlled tax limit and controlled levy limit.

26 Sec. 8. Money received from a property tax levy under this
27 chapter shall be deposited in the school corporation's racial
28 balance fund established under this chapter. Money in the fund
29 may be used only for education programs that improve or
30 maintain racial balance in the school corporation. Money in the
31 fund may not be used for:

- 32 (1) transportation; or
 - 33 (2) capital improvements;
- 34 even though those costs may be attributable to the school
35 corporation's proposed programs for improving or maintaining
36 racial balance in the school corporation.

37 SECTION 89. IC 36-1-2-7 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. "Fiscal officer"
39 means:

- 40 (1) auditor, for a county;
- 41 (2) controller, for a consolidated city or second class city;
- 42 (3) clerk-treasurer, for a third class city;

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- 1 (4) clerk-treasurer, for a town; ~~or~~
- 2 (5) trustee, for a township;
- 3 **(6) the treasurer, for a school corporation; or**
- 4 **(7) the individual authorized as the fiscal officer by law or the**
- 5 **political subdivision's fiscal body, for any other political**
- 6 **subdivision.**

7 SECTION 90. IC 36-1-8-4 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4. (a) The fiscal
 9 body of a political subdivision may, by ordinance or resolution, permit
 10 the transfer of a prescribed amount, for a prescribed period, to a fund
 11 in need of money for cash flow purposes from another fund of the
 12 political subdivision if all these conditions are met:

- 13 (1) It must be necessary to borrow money to enhance the fund that
- 14 is in need of money for cash flow purposes.
- 15 (2) There must be sufficient money on deposit to the credit of the
- 16 other fund that can be temporarily transferred.
- 17 (3) Except as provided in subsection (b), the prescribed period
- 18 must end during the budget year of the year in which the transfer
- 19 occurs.
- 20 (4) The amount transferred must be returned to the other fund at
- 21 the end of the prescribed period.
- 22 (5) Only revenues derived from:
- 23 **(A) the levying and collection of property taxes, income taxes,**
- 24 **or special taxes; or ~~from~~**
- 25 **(B) operation of the political subdivision may be included in**
- 26 **the amount transferred.**

27 (b) If the fiscal body of a political subdivision determines that an
 28 emergency exists that requires an extension of the prescribed period of
 29 a transfer under this section, the prescribed period may be extended for
 30 not more than six (6) months beyond the budget year of the year in
 31 which the transfer occurs if the fiscal body does the following:

- 32 (1) Passes an ordinance or a resolution that contains the
- 33 following:
- 34 (A) A statement that the fiscal body has determined that an
- 35 emergency exists.
- 36 (B) A brief description of the grounds for the emergency.
- 37 (C) The date the loan will be repaid that is not more than six
- 38 (6) months beyond the budget year in which the transfer
- 39 occurs.
- 40 (2) Immediately forwards the ordinance or resolution to the state
- 41 board of accounts and the department of local government
- 42 finance.

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1 SECTION 91. IC 36-1-8-5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) This section
3 applies to all funds raised:

- 4 (1) by a general or special tax levy on all the taxable property of
- 5 a political subdivision; or
- 6 (2) from county income taxes.

7 (b) Whenever the purposes of a tax levy or an allocation of county
8 income tax have been fulfilled and an unused and unencumbered
9 balance remains in the fund, the fiscal body of the political subdivision
10 shall order the balance of that fund to be transferred as follows, unless
11 a statute provides that it be transferred otherwise:

- 12 (1) Funds of a county, to the ~~general fund~~ or rainy day fund of the
- 13 county, as provided in section 5.1 of this chapter.
- 14 (2) Funds of a municipality, to the ~~general fund~~ or rainy day fund
- 15 of the municipality, as provided in section 5.1 of this chapter.
- 16 (3) Funds of a township for redemption of ~~poor relief township~~
- 17 ~~assistance~~ obligations, to the ~~poor relief township assistance~~
- 18 fund of the township or rainy day fund of the township, as
- 19 provided in section 5.1 of this chapter.
- 20 (4) Funds of any other political subdivision, to the ~~general fund~~ or
- 21 rainy day fund of the political subdivision, as provided in section
- 22 5.1 of this chapter.

23 However, if the political subdivision is dissolved or does not have a
24 ~~general fund~~ or rainy day fund, then to the ~~general~~ rainy day fund of
25 each of the units located in the political subdivision in the same
26 proportion that the assessed valuation of the unit bears to the total
27 assessed valuation of the political subdivision.

28 (c) Whenever an unused and unencumbered balance remains in the
29 civil township fund of a township and a current tax levy or an
30 allocation of county income tax for the fund is not needed, the
31 township fiscal body may order any part of the balance of that fund
32 transferred to the debt service fund of the school corporation located in
33 or partly in the township; but if more than one (1) school corporation
34 is located in or partly in the township, then any sum transferred shall
35 be transferred to the debt service fund of each of those school
36 corporations in the same proportion that the part of the assessed
37 valuation of the school corporation in the township bears to the total
38 assessed valuation of the township.

39 (d) Transfers under this section to a political subdivision's rainy
40 day fund must be made after the last day of the political subdivision's
41 fiscal year and before March 1 of the subsequent calendar year.

42 SECTION 92. IC 36-1-8-5.1 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5.1. (a) **The**
2 **definitions in IC 6-11-1 apply throughout this section.**
3 (b) A political subdivision ~~may~~ **shall** establish a rainy day fund. ~~by~~
4 the adoption of:
5 (c) **The fiscal body of a political subdivision may authorize use**
6 **of money in the fund for any of the following purposes:**
7 (1) **To make a permanent transfer of money to another fund**
8 **specified in an ordinance, in the case of a county, city, or**
9 **town, or a resolution, in the case of any other political**
10 **subdivision to replace revenue lost as the result of reducing**
11 **property tax rates or income tax rates, or both, to eliminate**
12 **fluctuations in the rates that would otherwise be imposed as**
13 **a result of changes in economic activity in the county.**
14 (2) **To make a temporary transfer or loan of money under**
15 **section 4 of this chapter to fund a shortfall resulting from:**
16 (A) **tax collections that are less than the amount of**
17 **controlled taxes certified by the department of local**
18 **government finance for collection in a year;**
19 (B) **incorrect data, computations, or advertisements; or**
20 (C) **refunds paid to taxpayers as the result of an appeal**
21 **under IC 6-1.1 or IC 6-8.1 related to property taxes or**
22 **income taxes.**
23 (3) **To make a temporary transfer or loan of money under**
24 **section 4 of this chapter to provide a temporary source of**
25 **funds to pay or fund a bond, judgment bond, lease, or other**
26 **obligation when other revenues are insufficient to meet the**
27 **payments required in a year.**
28 (4) **To make a temporary transfer or loan of money under**
29 **section 4 of this chapter to fund an increase in the budget and**
30 **controlled tax limit granted by the department of local**
31 **government finance under IC 6-12 or IC 6-13.**
32 (5) **To make a temporary transfer or loan of money under**
33 **section 4 of this chapter in anticipation of the collection of**
34 **property taxes, income taxes, or other sources of revenue.**
35 (6) **To make a permanent transfer of money for any other**
36 **purpose specified in (†) an ordinance, in the case of a county,**
37 **city, or town, or (‡) a resolution, in the case of any other political**
38 **subdivision, (including the purpose of replacing revenue lost**
39 **from granting in the ordinance or resolution an additional**
40 **property tax replacement credit that exceeds the credits**
41 **granted under any other law) to the extent that the**
42 **expenditure:**

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1 (A) is made from an amount that was deposited in the
 2 rainy day fund before January 1, 2006; or
 3 (B) does not reduce the balance in the rainy day fund to
 4 less than six percent (6%) of the political subdivision's
 5 budget for the year immediately preceding the year of the
 6 expenditure.

7 ~~(b)~~ (d) The fund consists of money deposited in the rainy day
 8 fund:
 9 (1) under subsection (e);
 10 (2) under section 5 of this chapter;
 11 (3) under IC 6-11-9-8; and
 12 (4) from money from any other source: an ordinance or a
 13 resolution adopted under this section must specify the following:
 14 (1) The purposes of the rainy day fund;
 15 (2) The sources of funding for the rainy day fund, which may
 16 include the following:
 17 (A) Unused and unencumbered funds under:
 18 (i) section 5 of this chapter;
 19 (ii) IC 6-3.5-1.1-21.1;
 20 (iii) IC 6-3.5-6-17.3; or
 21 (iv) IC 6-3.5-7-17.3.
 22 ~~(B)~~ any other funding source:
 23 ~~(i)~~ (A) specified in the ordinance or resolution adopted under
 24 this section; and
 25 ~~(ii)~~ (B) not otherwise prohibited by law.

26 (e) Upon adoption of an ordinance or resolution authorizing a
 27 transfer of money under subsection (c)(1) or (c)(6), the ordinance
 28 or resolution must be submitted to the county auditor and the
 29 department of local government finance. A transfer under
 30 subsection (c)(1) or (c)(6) that reduces a controlled tax or tax rate
 31 does not reduce the political subdivision's controlled tax limit or
 32 controlled levy limit.

33 ~~(c)~~ (f) The expenditure of money transferred from a rainy day
 34 fund to another fund is subject to the same appropriation process as
 35 other funds that receive tax money.

36 ~~(d)~~ (g) In any fiscal year, a political subdivision may transfer under
 37 section 5 of this chapter not more than ten percent (10%) of the
 38 political subdivision's total annual budget for that fiscal year, adopted
 39 under IC 6-1.1-17, IC 6-13, to the rainy day fund.

40 (e) A political subdivision may use only the funding sources
 41 specified in subsection (b)(2)(A) or in the ordinance or resolution
 42 establishing the rainy day fund. The political subdivision may adopt a

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1 subsequent ordinance or resolution authorizing the use of another
2 funding source:

3 (f) The department of local government finance may not reduce the
4 actual or maximum permissible levy of a political subdivision as a
5 result of a balance in the rainy day fund of the political subdivision:

6 SECTION 93. IC 36-7-13-3.8 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 3.8. As used in
8 this chapter, "state and local income taxes" means taxes imposed under
9 any of the following:

- 10 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).
- 11 (2) IC 6-3.5-1.1 (county adjusted gross income tax) **(repealed)**.
- 12 (3) IC 6-3.5-6 (county option income tax) **(repealed)**.
- 13 (4) IC 6-3.5-7 (county economic development income tax)
- 14 **(repealed)**.

15 **(5) IC 6-11-8 (optional additional county income taxes).**

16 SECTION 94. IC 36-7-14-39 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 39. (a) As used in this
18 section:

19 "Allocation area" means that part of a blighted area to which an
20 allocation provision of a declaratory resolution adopted under section
21 15 of this chapter refers for purposes of distribution and allocation of
22 property taxes.

23 "Base assessed value" means the following:

24 (1) If an allocation provision is adopted after June 30, 1995, in a
25 declaratory resolution or an amendment to a declaratory
26 resolution establishing an economic development area:

27 (A) the net assessed value of all the property as finally
28 determined for the assessment date immediately preceding the
29 effective date of the allocation provision of the declaratory
30 resolution, as adjusted under subsection (h); plus

31 (B) to the extent that it is not included in clause (A), the net
32 assessed value of property that is assessed as residential
33 property under the rules of the department of local government
34 finance, as finally determined for any assessment date after the
35 effective date of the allocation provision.

36 (2) If an allocation provision is adopted after June 30, 1997, in a
37 declaratory resolution or an amendment to a declaratory
38 resolution establishing a blighted area:

39 (A) the net assessed value of all the property as finally
40 determined for the assessment date immediately preceding the
41 effective date of the allocation provision of the declaratory
42 resolution, as adjusted under subsection (h); plus

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1 (B) to the extent that it is not included in clause (A), the net
2 assessed value of property that is assessed as residential
3 property under the rules of the department of local government
4 finance, as finally determined for any assessment date after the
5 effective date of the allocation provision.
6 (3) If:
7 (A) an allocation provision adopted before June 30, 1995, in
8 a declaratory resolution or an amendment to a declaratory
9 resolution establishing a blighted area expires after June 30,
10 1997; and
11 (B) after June 30, 1997, a new allocation provision is included
12 in an amendment to the declaratory resolution;
13 the net assessed value of all the property as finally determined for
14 the assessment date immediately preceding the effective date of
15 the allocation provision adopted after June 30, 1997, as adjusted
16 under subsection (h).
17 (4) Except as provided in subdivision (5), for all other allocation
18 areas, the net assessed value of all the property as finally
19 determined for the assessment date immediately preceding the
20 effective date of the allocation provision of the declaratory
21 resolution, as adjusted under subsection (h).
22 (5) If an allocation area established in an economic development
23 area before July 1, 1995, is expanded after June 30, 1995, the
24 definition in subdivision (1) applies to the expanded portion of the
25 area added after June 30, 1995.
26 (6) If an allocation area established in a blighted area before July
27 1, 1997, is expanded after June 30, 1997, the definition in
28 subdivision (2) applies to the expanded portion of the area added
29 after June 30, 1997.
30 Except as provided in section 39.3 of this chapter, "property taxes"
31 means taxes imposed under IC 6-1.1 on real property. However, upon
32 approval by a resolution of the redevelopment commission adopted
33 before June 1, 1987, "property taxes" also includes taxes imposed
34 under IC 6-1.1 on depreciable personal property. If a redevelopment
35 commission adopted before June 1, 1987, a resolution to include within
36 the definition of property taxes taxes imposed under IC 6-1.1 on
37 depreciable personal property that has a useful life in excess of eight
38 (8) years, the commission may by resolution determine the percentage
39 of taxes imposed under IC 6-1.1 on all depreciable personal property
40 that will be included within the definition of property taxes. However,
41 the percentage included must not exceed twenty-five percent (25%) of
42 the taxes imposed under IC 6-1.1 on all depreciable personal property.

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1 (b) A declaratory resolution adopted under section 15 of this chapter
 2 before January 1, ~~2006~~, **2012**, may include a provision with respect to
 3 the allocation and distribution of property taxes for the purposes and in
 4 the manner provided in this section. A declaratory resolution
 5 previously adopted may include an allocation provision by the
 6 amendment of that declaratory resolution before January 1, ~~2006~~, **2012**,
 7 in accordance with the procedures required for its original adoption. A
 8 declaratory resolution or an amendment that establishes an allocation
 9 provision after June 30, 1995, must specify an expiration date for the
 10 allocation provision that may not be more than thirty (30) years after
 11 the date on which the allocation provision is established. However, if
 12 bonds or other obligations that were scheduled when issued to mature
 13 before the specified expiration date and that are payable only from
 14 allocated tax proceeds with respect to the allocation area remain
 15 outstanding as of the expiration date, the allocation provision does not
 16 expire until all of the bonds or other obligations are no longer
 17 outstanding. The allocation provision may apply to all or part of the
 18 blighted area. The allocation provision must require that any property
 19 taxes subsequently levied by or for the benefit of any public body
 20 entitled to a distribution of property taxes on taxable property in the
 21 allocation area be allocated and distributed as follows:

- 22 (1) Except as otherwise provided in this section, the proceeds of
 23 the taxes attributable to the lesser of:
 24 (A) the assessed value of the property for the assessment date
 25 with respect to which the allocation and distribution is made;
 26 or
 27 (B) the base assessed value;
 28 shall be allocated to and, when collected, paid into the funds of
 29 the respective taxing units.
 30 (2) Except as otherwise provided in this section, property tax
 31 proceeds in excess of those described in subdivision (1) shall be
 32 allocated to the redevelopment district and, when collected, paid
 33 into an allocation fund for that allocation area that may be used by
 34 the redevelopment district only to do one (1) or more of the
 35 following:
 36 (A) Pay the principal of and interest on any obligations
 37 payable solely from allocated tax proceeds which are incurred
 38 by the redevelopment district for the purpose of financing or
 39 refinancing the redevelopment of that allocation area.
 40 (B) Establish, augment, or restore the debt service reserve for
 41 bonds payable solely or in part from allocated tax proceeds in
 42 that allocation area.

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- 1 (C) Pay the principal of and interest on bonds payable from
- 2 allocated tax proceeds in that allocation area and from the
- 3 special tax levied under section 27 of this chapter.
- 4 (D) Pay the principal of and interest on bonds issued by the
- 5 unit to pay for local public improvements in or serving that
- 6 allocation area.
- 7 (E) Pay premiums on the redemption before maturity of bonds
- 8 payable solely or in part from allocated tax proceeds in that
- 9 allocation area.
- 10 (F) Make payments on leases payable from allocated tax
- 11 proceeds in that allocation area under section 25.2 of this
- 12 chapter.
- 13 (G) Reimburse the unit for expenditures made by it for local
- 14 public improvements (which include buildings, parking
- 15 facilities, and other items described in section 25.1(a) of this
- 16 chapter) in or serving that allocation area.
- 17 (H) Reimburse the unit for rentals paid by it for a building or
- 18 parking facility in or serving that allocation area under any
- 19 lease entered into under IC 36-1-10.
- 20 (I) Pay all or a portion of a property tax replacement credit to
- 21 taxpayers in an allocation area as determined by the
- 22 redevelopment commission. This credit equals the amount
- 23 determined under the following STEPS for each taxpayer in a
- 24 taxing district (as defined in IC 6-1.1-1-20) that contains all or
- 25 part of the allocation area:
- 26 STEP ONE: Determine that part of the sum of the amounts
- 27 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
- 28 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
- 29 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.
- 30 STEP TWO: Divide:
- 31 (A) that part of each county's eligible property tax
- 32 replacement amount (as defined in IC 6-1.1-21-2) for that
- 33 year as determined under IC 6-1.1-21-4 that is attributable
- 34 to the taxing district; by
- 35 (B) the STEP ONE sum.
- 36 STEP THREE: Multiply:
- 37 (A) the STEP TWO quotient; times
- 38 (B) the total amount of the taxpayer's taxes (as defined in
- 39 IC 6-1.1-21-2) levied in the taxing district that have been
- 40 allocated during that year to an allocation fund under this
- 41 section.
- 42 If not all the taxpayers in an allocation area receive the credit

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1 in full, each taxpayer in the allocation area is entitled to
 2 receive the same proportion of the credit. A taxpayer may not
 3 receive a credit under this section and a credit under section
 4 39.5 of this chapter in the same year.

5 (J) Pay expenses incurred by the redevelopment commission
 6 for local public improvements that are in the allocation area or
 7 serving the allocation area. Public improvements include
 8 buildings, parking facilities, and other items described in
 9 section 25.1(a) of this chapter.

10 (K) Reimburse public and private entities for expenses
 11 incurred in training employees of industrial facilities that are
 12 located:

13 (i) in the allocation area; and
 14 (ii) on a parcel of real property that has been classified as
 15 industrial property under the rules of the department of local
 16 government finance.

17 However, the total amount of money spent for this purpose in
 18 any year may not exceed the total amount of money in the
 19 allocation fund that is attributable to property taxes paid by the
 20 industrial facilities described in this clause. The
 21 reimbursements under this clause must be made within three
 22 (3) years after the date on which the investments that are the
 23 basis for the increment financing are made.

24 The allocation fund may not be used for operating expenses of the
 25 commission.

26 (3) Except as provided in subsection (g), before July 15 of each
 27 year the commission shall do the following:

28 (A) Determine the amount, if any, by which the base assessed
 29 value when multiplied by the estimated tax rate of the
 30 allocation area will exceed the amount of assessed value
 31 needed to produce the property taxes necessary to make, when
 32 due, principal and interest payments on bonds described in
 33 subdivision (2) plus the amount necessary for other purposes
 34 described in subdivision (2).

35 (B) Notify the county auditor of the amount, if any, of the
 36 amount of excess assessed value that the commission has
 37 determined may be allocated to the respective taxing units in
 38 the manner prescribed in subdivision (1). The commission
 39 may not authorize an allocation of assessed value to the
 40 respective taxing units under this subdivision if to do so would
 41 endanger the interests of the holders of bonds described in
 42 subdivision (2) or lessors under section 25.3 of this chapter.

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1 (c) For the purpose of allocating taxes levied by or for any taxing
2 unit or units, the assessed value of taxable property in a territory in the
3 allocation area that is annexed by any taxing unit after the effective
4 date of the allocation provision of the declaratory resolution is the
5 lesser of:

- 6 (1) the assessed value of the property for the assessment date with
- 7 respect to which the allocation and distribution is made; or
- 8 (2) the base assessed value.

9 (d) Property tax proceeds allocable to the redevelopment district
10 under subsection (b)(2) may, subject to subsection (b)(3), be
11 irrevocably pledged by the redevelopment district for payment as set
12 forth in subsection (b)(2).

13 (e) Notwithstanding any other law, each assessor shall, upon
14 petition of the redevelopment commission, reassess the taxable
15 property situated upon or in, or added to, the allocation area, effective
16 on the next assessment date after the petition.

17 (f) Notwithstanding any other law, the assessed value of all taxable
18 property in the allocation area, for purposes of tax limitation, property
19 tax replacement, and formulation of the budget, tax rate, and tax levy
20 for each political subdivision in which the property is located is the
21 lesser of:

- 22 (1) the assessed value of the property as valued without regard to
- 23 this section; or
- 24 (2) the base assessed value.

25 (g) If any part of the allocation area is located in an enterprise zone
26 created under IC 4-4-6.1, the unit that designated the allocation area
27 shall create funds as specified in this subsection. A unit that has
28 obligations, bonds, or leases payable from allocated tax proceeds under
29 subsection (b)(2) shall establish an allocation fund for the purposes
30 specified in subsection (b)(2) and a special zone fund. Such a unit
31 shall, until the end of the enterprise zone phase out period, deposit each
32 year in the special zone fund any amount in the allocation fund derived
33 from property tax proceeds in excess of those described in subsection
34 (b)(1) from property located in the enterprise zone that exceeds the
35 amount sufficient for the purposes specified in subsection (b)(2) for the
36 year. The amount sufficient for purposes specified in subsection (b)(2)
37 for the year shall be determined based on the pro rata portion of such
38 current property tax proceeds from the portion of the enterprise zone
39 that is within the allocation area as compared to all such current
40 property tax proceeds derived from the allocation area. A unit that has
41 no obligations, bonds, or leases payable from allocated tax proceeds
42 under subsection (b)(2) shall establish a special zone fund and deposit

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1 all the property tax proceeds in excess of those described in subsection
 2 (b)(1) in the fund derived from property tax proceeds in excess of those
 3 described in subsection (b)(1) from property located in the enterprise
 4 zone. The unit that creates the special zone fund shall use the fund
 5 (based on the recommendations of the urban enterprise association) for
 6 programs in job training, job enrichment, and basic skill development
 7 that are designed to benefit residents and employers in the enterprise
 8 zone or other purposes specified in subsection (b)(2), except that where
 9 reference is made in subsection (b)(2) to allocation area it shall refer
 10 for purposes of payments from the special zone fund only to that
 11 portion of the allocation area that is also located in the enterprise zone.
 12 Those programs shall reserve at least one-half (1/2) of their enrollment
 13 in any session for residents of the enterprise zone.

14 (h) The state board of accounts and department of local government
 15 finance shall make the rules and prescribe the forms and procedures
 16 that they consider expedient for the implementation of this chapter.
 17 After each general reassessment under IC 6-1.1-4, the department of
 18 local government finance shall adjust the base assessed value one (1)
 19 time to neutralize any effect of the general reassessment on the
 20 property tax proceeds allocated to the redevelopment district under this
 21 section. However, the adjustment may not include the effect of property
 22 tax abatements under IC 6-1.1-12.1, and the adjustment may not
 23 produce less property tax proceeds allocable to the redevelopment
 24 district under subsection (b)(2) than would otherwise have been
 25 received if the general reassessment had not occurred. The department
 26 of local government finance may prescribe procedures for county and
 27 township officials to follow to assist the department in making the
 28 adjustments.

29 SECTION 95. IC 36-7-15.1-26 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 26. (a) As used in this
 31 section:

32 "Allocation area" means that part of a blighted area to which an
 33 allocation provision of a resolution adopted under section 8 of this
 34 chapter refers for purposes of distribution and allocation of property
 35 taxes.

36 "Base assessed value" means the following:

37 (1) If an allocation provision is adopted after June 30, 1995, in a
 38 declaratory resolution or an amendment to a declaratory
 39 resolution establishing an economic development area:

40 (A) the net assessed value of all the property as finally
 41 determined for the assessment date immediately preceding the
 42 effective date of the allocation provision of the declaratory

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1 resolution, as adjusted under subsection (h); plus
 2 (B) to the extent that it is not included in clause (A), the net
 3 assessed value of property that is assessed as residential
 4 property under the rules of the department of local government
 5 finance, as finally determined for any assessment date after the
 6 effective date of the allocation provision.

7 (2) If an allocation provision is adopted after June 30, 1997, in a
 8 declaratory resolution or an amendment to a declaratory
 9 resolution establishing a blighted area:

10 (A) the net assessed value of all the property as finally
 11 determined for the assessment date immediately preceding the
 12 effective date of the allocation provision of the declaratory
 13 resolution, as adjusted under subsection (h); plus
 14 (B) to the extent that it is not included in clause (A), the net
 15 assessed value of property that is assessed as residential
 16 property under the rules of the department of local government
 17 finance, as finally determined for any assessment date after the
 18 effective date of the allocation provision.

19 (3) If:

20 (A) an allocation provision adopted before June 30, 1995, in
 21 a declaratory resolution or an amendment to a declaratory
 22 resolution establishing a blighted area expires after June 30,
 23 1997; and
 24 (B) after June 30, 1997, a new allocation provision is included
 25 in an amendment to the declaratory resolution;
 26 the net assessed value of all the property as finally determined for
 27 the assessment date immediately preceding the effective date of
 28 the allocation provision adopted after June 30, 1997, as adjusted
 29 under subsection (h).

30 (4) Except as provided in subdivision (5), for all other allocation
 31 areas, the net assessed value of all the property as finally
 32 determined for the assessment date immediately preceding the
 33 effective date of the allocation provision of the declaratory
 34 resolution, as adjusted under subsection (h).

35 (5) If an allocation area established in an economic development
 36 area before July 1, 1995, is expanded after June 30, 1995, the
 37 definition in subdivision (1) applies to the expanded portion of the
 38 area added after June 30, 1995.

39 (6) If an allocation area established in a blighted area before July
 40 1, 1997, is expanded after June 30, 1997, the definition in
 41 subdivision (2) applies to the expanded portion of the area added
 42 after June 30, 1997.

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1 Except as provided in section 26.2 of this chapter, "property taxes"
 2 means taxes imposed under IC 6-1.1 on real property. However, upon
 3 approval by a resolution of the redevelopment commission adopted
 4 before June 1, 1987, "property taxes" also includes taxes imposed
 5 under IC 6-1.1 on depreciable personal property. If a redevelopment
 6 commission adopted before June 1, 1987, a resolution to include within
 7 the definition of property taxes taxes imposed under IC 6-1.1 on
 8 depreciable personal property that has a useful life in excess of eight
 9 (8) years, the commission may by resolution determine the percentage
 10 of taxes imposed under IC 6-1.1 on all depreciable personal property
 11 that will be included within the definition of property taxes. However,
 12 the percentage included must not exceed twenty-five percent (25%) of
 13 the taxes imposed under IC 6-1.1 on all depreciable personal property.

14 (b) A resolution adopted under section 8 of this chapter before
 15 January 1, ~~2006~~, **2012**, may include a provision with respect to the
 16 allocation and distribution of property taxes for the purposes and in the
 17 manner provided in this section. A resolution previously adopted may
 18 include an allocation provision by the amendment of that resolution
 19 before January 1, ~~2006~~, **2012**, in accordance with the procedures
 20 required for its original adoption. A declaratory resolution or an
 21 amendment that establishes an allocation provision after June 30, 1995,
 22 must specify an expiration date for the allocation provision that may
 23 not be more than thirty (30) years after the date on which the allocation
 24 provision is established. However, if bonds or other obligations that
 25 were scheduled when issued to mature before the specified expiration
 26 date and that are payable only from allocated tax proceeds with respect
 27 to the allocation area remain outstanding as of the expiration date, the
 28 allocation provision does not expire until all of the bonds or other
 29 obligations are no longer outstanding. The allocation provision may
 30 apply to all or part of the blighted area. The allocation provision must
 31 require that any property taxes subsequently levied by or for the benefit
 32 of any public body entitled to a distribution of property taxes on taxable
 33 property in the allocation area be allocated and distributed as follows:

- 34 (1) Except as otherwise provided in this section, the proceeds of
 35 the taxes attributable to the lesser of:
 36 (A) the assessed value of the property for the assessment date
 37 with respect to which the allocation and distribution is made;
 38 or
 39 (B) the base assessed value;
 40 shall be allocated to and, when collected, paid into the funds of
 41 the respective taxing units.
 42 (2) Except as otherwise provided in this section, property tax

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proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements in that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:
(i) in the allocation area; and
(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three

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1 (3) years after the date on which the investments that are the
2 basis for the increment financing are made.
3 The special fund may not be used for operating expenses of the
4 commission.
5 (3) Before July 15 of each year, the commission shall do the
6 following:
7 (A) Determine the amount, if any, by which the base assessed
8 value when multiplied by the estimated tax rate of the
9 allocated area will exceed the amount of assessed value
10 needed to provide the property taxes necessary to make, when
11 due, principal and interest payments on bonds described in
12 subdivision (2) plus the amount necessary for other purposes
13 described in subdivision (2) and subsection (g).
14 (B) Notify the county auditor of the amount, if any, of excess
15 assessed value that the commission has determined may be
16 allocated to the respective taxing units in the manner
17 prescribed in subdivision (1).
18 The commission may not authorize an allocation to the respective
19 taxing units under this subdivision if to do so would endanger the
20 interests of the holders of bonds described in subdivision (2).
21 (c) For the purpose of allocating taxes levied by or for any taxing
22 unit or units, the assessed value of taxable property in a territory in the
23 allocation area that is annexed by any taxing unit after the effective
24 date of the allocation provision of the resolution is the lesser of:
25 (1) the assessed value of the property for the assessment date with
26 respect to which the allocation and distribution is made; or
27 (2) the base assessed value.
28 (d) Property tax proceeds allocable to the redevelopment district
29 under subsection (b)(2) may, subject to subsection (b)(3), be
30 irrevocably pledged by the redevelopment district for payment as set
31 forth in subsection (b)(2).
32 (e) Notwithstanding any other law, each assessor shall, upon
33 petition of the commission, reassess the taxable property situated upon
34 or in, or added to, the allocation area, effective on the next assessment
35 date after the petition.
36 (f) Notwithstanding any other law, the assessed value of all taxable
37 property in the allocation area, for purposes of tax limitation, property
38 tax replacement, and formulation of the budget, tax rate, and tax levy
39 for each political subdivision in which the property is located is the
40 lesser of:
41 (1) the assessed value of the property as valued without regard to
42 this section; or

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1 (2) the base assessed value.

2 (g) If any part of the allocation area is located in an enterprise zone
3 created under IC 4-4-6.1, the unit that designated the allocation area
4 shall create funds as specified in this subsection. A unit that has
5 obligations, bonds, or leases payable from allocated tax proceeds under
6 subsection (b)(2) shall establish an allocation fund for the purposes
7 specified in subsection (b)(2) and a special zone fund. Such a unit
8 shall, until the end of the enterprise zone phase out period, deposit each
9 year in the special zone fund the amount in the allocation fund derived
10 from property tax proceeds in excess of those described in subsection
11 (b)(1) from property located in the enterprise zone that exceeds the
12 amount sufficient for the purposes specified in subsection (b)(2) for the
13 year. A unit that has no obligations, bonds, or leases payable from
14 allocated tax proceeds under subsection (b)(2) shall establish a special
15 zone fund and deposit all the property tax proceeds in excess of those
16 described in subsection (b)(1) in the fund derived from property tax
17 proceeds in excess of those described in subsection (b)(1) from
18 property located in the enterprise zone. The unit that creates the special
19 zone fund shall use the fund, based on the recommendations of the
20 urban enterprise association, for one (1) or more of the following
21 purposes:

22 (1) To pay for programs in job training, job enrichment, and basic
23 skill development designed to benefit residents and employers in
24 the enterprise zone. The programs must reserve at least one-half
25 (1/2) of the enrollment in any session for residents of the
26 enterprise zone.

27 (2) To make loans and grants for the purpose of stimulating
28 business activity in the enterprise zone or providing employment
29 for enterprise zone residents in the enterprise zone. These loans
30 and grants may be made to the following:

31 (A) Businesses operating in the enterprise zone.
32 (B) Businesses that will move their operations to the enterprise
33 zone if such a loan or grant is made.

34 (3) To provide funds to carry out other purposes specified in
35 subsection (b)(2). However, where reference is made in
36 subsection (b)(2) to the allocation area, the reference refers for
37 purposes of payments from the special zone fund only to that
38 portion of the allocation area that is also located in the enterprise
39 zone.

40 (h) The state board of accounts and department of local government
41 finance shall make the rules and prescribe the forms and procedures
42 that they consider expedient for the implementation of this chapter.

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1 After each general reassessment under IC 6-1.1-4, the department of
 2 local government finance shall adjust the base assessed value one (1)
 3 time to neutralize any effect of the general reassessment on the
 4 property tax proceeds allocated to the redevelopment district under this
 5 section. However, the adjustment may not include the effect of property
 6 tax abatements under IC 6-1.1-12.1, and the adjustment may not
 7 produce less property tax proceeds allocable to the redevelopment
 8 district under subsection (b)(2) than would otherwise have been
 9 received if the general reassessment had not occurred. The department
 10 of local government finance may prescribe procedures for county and
 11 township officials to follow to assist the department in making the
 12 adjustments.

13 SECTION 96. IC 36-7-15.1-53 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 53. (a) As used in this
 15 section:

16 "Allocation area" means that part of a blighted area to which an
 17 allocation provision of a resolution adopted under section 40 of this
 18 chapter refers for purposes of distribution and allocation of property
 19 taxes.

20 "Base assessed value" means:

- 21 (1) the net assessed value of all the property as finally determined
- 22 for the assessment date immediately preceding the effective date
- 23 of the allocation provision of the declaratory resolution, as
- 24 adjusted under subsection (h); plus
- 25 (2) to the extent that it is not included in subdivision (1), the net
- 26 assessed value of property that is assessed as residential property
- 27 under the rules of the department of local government finance, as
- 28 finally determined for any assessment date after the effective date
- 29 of the allocation provision.

30 Except as provided in section 55 of this chapter, "property taxes"
 31 means taxes imposed under IC 6-1.1 on real property.

32 (b) A resolution adopted under section 40 of this chapter before
 33 January 1, ~~2006~~, **2012**, may include a provision with respect to the
 34 allocation and distribution of property taxes for the purposes and in the
 35 manner provided in this section. A resolution previously adopted may
 36 include an allocation provision by the amendment of that resolution
 37 before January 1, ~~2006~~, **2012**, in accordance with the procedures
 38 required for its original adoption. A declaratory resolution or an
 39 amendment that establishes an allocation provision must be approved
 40 by resolution of the legislative body of the excluded city and must
 41 specify an expiration date for the allocation provision that may not be
 42 more than thirty (30) years after the date on which the allocation

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1 provision is established. However, if bonds or other obligations that
 2 were scheduled when issued to mature before the specified expiration
 3 date and that are payable only from allocated tax proceeds with respect
 4 to the allocation area remain outstanding as of the expiration date, the
 5 allocation provision does not expire until all of the bonds or other
 6 obligations are no longer outstanding. The allocation provision may
 7 apply to all or part of the blighted area. The allocation provision must
 8 require that any property taxes subsequently levied by or for the benefit
 9 of any public body entitled to a distribution of property taxes on taxable
 10 property in the allocation area be allocated and distributed as follows:

11 (1) Except as otherwise provided in this section, the proceeds of
 12 the taxes attributable to the lesser of:

13 (A) the assessed value of the property for the assessment date
 14 with respect to which the allocation and distribution is made;
 15 or

16 (B) the base assessed value;
 17 shall be allocated to and, when collected, paid into the funds of
 18 the respective taxing units.

19 (2) Except as otherwise provided in this section, property tax
 20 proceeds in excess of those described in subdivision (1) shall be
 21 allocated to the redevelopment district and, when collected, paid
 22 into a special fund for that allocation area that may be used by the
 23 redevelopment district only to do one (1) or more of the
 24 following:

25 (A) Pay the principal of and interest on any obligations
 26 payable solely from allocated tax proceeds that are incurred by
 27 the redevelopment district for the purpose of financing or
 28 refinancing the redevelopment of that allocation area.

29 (B) Establish, augment, or restore the debt service reserve for
 30 bonds payable solely or in part from allocated tax proceeds in
 31 that allocation area.

32 (C) Pay the principal of and interest on bonds payable from
 33 allocated tax proceeds in that allocation area and from the
 34 special tax levied under section 50 of this chapter.

35 (D) Pay the principal of and interest on bonds issued by the
 36 excluded city to pay for local public improvements in that
 37 allocation area.

38 (E) Pay premiums on the redemption before maturity of bonds
 39 payable solely or in part from allocated tax proceeds in that
 40 allocation area.

41 (F) Make payments on leases payable from allocated tax
 42 proceeds in that allocation area under section 46 of this

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chapter.

(G) Reimburse the excluded city for expenditures for local public improvements (which include buildings, park facilities, and other items set forth in section 45 of this chapter) in that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

- (A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2) and subsection (g).
- (B) Notify the county auditor of the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective

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1 date of the allocation provision of the resolution is the lesser of:
 2 (1) the assessed value of the property for the assessment date with
 3 respect to which the allocation and distribution is made; or
 4 (2) the base assessed value.
 5 (d) Property tax proceeds allocable to the redevelopment district
 6 under subsection (b)(2) may, subject to subsection (b)(3), be
 7 irrevocably pledged by the redevelopment district for payment as set
 8 forth in subsection (b)(2).
 9 (e) Notwithstanding any other law, each assessor shall, upon
 10 petition of the commission, reassess the taxable property situated upon
 11 or in, or added to, the allocation area, effective on the next assessment
 12 date after the petition.
 13 (f) Notwithstanding any other law, the assessed value of all taxable
 14 property in the allocation area, for purposes of tax limitation, property
 15 tax replacement, and formulation of the budget, tax rate, and tax levy
 16 for each political subdivision in which the property is located, is the
 17 lesser of:
 18 (1) the assessed value of the property as valued without regard to
 19 this section; or
 20 (2) the base assessed value.
 21 (g) If any part of the allocation area is located in an enterprise zone
 22 created under IC 4-4-6.1, the unit that designated the allocation area
 23 shall create funds as specified in this subsection. A unit that has
 24 obligations, bonds, or leases payable from allocated tax proceeds under
 25 subsection (b)(2) shall establish an allocation fund for the purposes
 26 specified in subsection (b)(2) and a special zone fund. Such a unit
 27 shall, until the end of the enterprise zone phase out period, deposit each
 28 year in the special zone fund the amount in the allocation fund derived
 29 from property tax proceeds in excess of those described in subsection
 30 (b)(1) from property located in the enterprise zone that exceeds the
 31 amount sufficient for the purposes specified in subsection (b)(2) for the
 32 year. A unit that has no obligations, bonds, or leases payable from
 33 allocated tax proceeds under subsection (b)(2) shall establish a special
 34 zone fund and deposit all the property tax proceeds in excess of those
 35 described in subsection (b)(1) in the fund derived from property tax
 36 proceeds in excess of those described in subsection (b)(1) from
 37 property located in the enterprise zone. The unit that creates the special
 38 zone fund shall use the fund, based on the recommendations of the
 39 urban enterprise association, for one (1) or more of the following
 40 purposes:
 41 (1) To pay for programs in job training, job enrichment, and basic
 42 skill development designed to benefit residents and employers in

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1 the enterprise zone. The programs must reserve at least one-half
 2 (1/2) of the enrollment in any session for residents of the
 3 enterprise zone.
 4 (2) To make loans and grants for the purpose of stimulating
 5 business activity in the enterprise zone or providing employment
 6 for enterprise zone residents in an enterprise zone. These loans
 7 and grants may be made to the following:
 8 (A) Businesses operating in the enterprise zone.
 9 (B) Businesses that will move their operations to the enterprise
 10 zone if such a loan or grant is made.
 11 (3) To provide funds to carry out other purposes specified in
 12 subsection (b)(2). However, where reference is made in
 13 subsection (b)(2) to the allocation area, the reference refers, for
 14 purposes of payments from the special zone fund, only to that part
 15 of the allocation area that is also located in the enterprise zone.
 16 (h) The state board of accounts and department of local government
 17 finance shall make the rules and prescribe the forms and procedures
 18 that they consider expedient for the implementation of this chapter.
 19 After each general reassessment under IC 6-1.1-4, the department of
 20 local government finance shall adjust the base assessed value one (1)
 21 time to neutralize any effect of the general reassessment on the
 22 property tax proceeds allocated to the redevelopment district under this
 23 section. However, the adjustment may not include the effect of property
 24 tax abatements under IC 6-1.1-12.1, and the adjustment may not
 25 produce less property tax proceeds allocable to the redevelopment
 26 district under subsection (b)(2) than would otherwise have been
 27 received if the general reassessment had not occurred. The department
 28 of local government finance may prescribe procedures for county and
 29 township officials to follow to assist the department in making the
 30 adjustments.
 31 SECTION 97. IC 36-7-27-4 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4. (a) As used in
 33 this chapter, "county taxpayer" means an individual who:
 34 (1) resides in the county; or
 35 (2) **before 2006**, maintains the individual's principal place of
 36 business or employment in the county and who does not reside in
 37 another county in which the county option income tax, the county
 38 adjusted income tax, or the county economic development income
 39 tax is in effect **and, after 2005, maintains the individual's**
 40 **principal place of business or employment in the county and**
 41 **who is an out-of state resident (as defined in IC 6-11-1-10).**
 42 (b) For purposes of this section, an individual shall be treated as a

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- 1 resident of the county in which the individual:
- 2 (1) maintains a home, if the individual maintains only one (1)
- 3 home in Indiana;
- 4 (2) if subdivision (1) does not apply, is registered to vote;
- 5 (3) if subdivision (1) or (2) does not apply, registers the
- 6 individual's personal automobile; or
- 7 (4) if subdivision (1), (2), or (3) does not apply, spends the
- 8 majority of the individual's time spent in Indiana during the
- 9 taxable year in question.

10 SECTION 98. IC 36-7-27-5 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5. As used in this
 12 chapter, "covered local income taxes" means the following income
 13 taxes imposed on county taxpayers:

- 14 (1) County option income tax **(repealed)**.
- 15 (2) County economic development income tax **(repealed)**.
- 16 **(3) Optional additional county income tax (IC 6-11-8).**

17 SECTION 99. IC 36-7-31-6 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 6. As used in this
 19 chapter, "covered taxes" means the following:

- 20 (1) The state gross retail tax imposed under IC 6-2.5-2-1 or use
- 21 tax imposed under IC 6-2.5-3-2.
- 22 (2) An adjusted gross income tax imposed under IC 6-3-2-1 on an
- 23 individual.
- 24 (3) A county option income tax imposed under IC 6-3.5-6
- 25 **(repealed)**.
- 26 (4) A food and beverage tax imposed under IC 6-9.
- 27 **(5) An optional additional county income tax under IC 6-11-8.**

28 SECTION 100. IC 36-7-31-10 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 10. A commission
 30 may establish as part of a professional sports development area any
 31 facility:

- 32 (1) that is used in the training of a team engaged in professional
- 33 sporting events; or
- 34 (2) that is:
 - 35 (A) financed in whole or in part by:
 - 36 (i) notes or bonds issued by a political subdivision or issued
 - 37 under IC 36-10-9 or IC 36-10-9.1; or
 - 38 (ii) a lease or other agreement under IC 5-1-17; and
 - 39 (B) used to hold a professional sporting event.

40 The tax area may include a facility described in this section and any
 41 parcel of land on which the facility is located. An area may contain
 42 noncontiguous tracts of land within the county.

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1 SECTION 101. IC 36-7-31-11 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 11. (a) A tax area must
3 be initially established before July 1, 1999, according to the procedures
4 set forth for the establishment of an economic development area under
5 IC 36-7-15.1. A tax area may be changed (**including to the exclusion
6 or inclusion of a facility described in this chapter**) or the terms
7 governing the tax area **may be** revised in the same manner as the
8 establishment of the initial tax area. **However, after May 14, 2005:**

9 **(1) a tax area may be changed only to include the site or
10 future site of a facility that is or will be the subject of a lease
11 or other agreement entered into between the capital
12 improvement board and the Indiana stadium and convention
13 building authority or any state agency under IC 5-1-17; and
14 (2) the terms governing a tax area may be revised only with
15 respect to a facility described in subdivision (1).**

16 (b) In establishing **or changing the tax area or revising the terms
17 governing** the tax area, the commission must make the following
18 findings instead of the findings required for the establishment of
19 economic development areas:

20 (1) That a project to be undertaken or that has been undertaken in
21 the tax area is for a facility at which a professional sporting event
22 **or a convention or similar event** will be held.

23 (2) That the project to be undertaken or that has been undertaken
24 in the tax area will benefit the public health and welfare and will
25 be of public utility and benefit.

26 (3) That the project to be undertaken or that has been undertaken
27 in the tax area will protect or increase state and local tax bases
28 and tax revenues.

29 (c) The tax area established by the commission under this chapter
30 is a special taxing district authorized by the general assembly to enable
31 the county to provide special benefits to taxpayers in the tax area by
32 promoting economic development that is of public use and benefit.

33 SECTION 102. IC 36-7-31-14 IS AMENDED TO READ AS
34 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 14. (a) A tax area must
35 be established by resolution. A resolution establishing a tax area must
36 provide for the allocation of covered taxes attributable to a taxable
37 event or covered taxes earned in the tax area to the professional sports
38 development area fund established for the county. The allocation
39 provision must apply to the entire tax area. The resolution must provide
40 that the tax area terminates not later than December 31, 2027.

41 (b) All of the salary, wages, bonuses, and other compensation that
42 are:

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1 (1) paid during a taxable year to a professional athlete for
 2 professional athletic services;
 3 (2) taxable in Indiana; and
 4 (3) earned in the tax area;
 5 shall be allocated to the tax area if the professional athlete is a member
 6 of a team that plays the majority of the professional athletic events that
 7 the team plays in Indiana in the tax area.

8 (c) **Except as provided by section 14.1 of this chapter**, the total
 9 amount of state revenue captured by the tax area may not exceed five
 10 million dollars (\$5,000,000) per year for twenty (20) consecutive years.

11 (d) The resolution establishing the tax area must designate the
 12 facility and the facility site for which the tax area is established and
 13 covered taxes will be used.

14 (e) The department may adopt rules under IC 4-22-2 and guidelines
 15 to govern the allocation of covered taxes to a tax area.

16 SECTION 103. IC 36-7-31-14.1 IS ADDED TO THE INDIANA
 17 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
 18 [EFFECTIVE MAY 15, 2005]: **Sec. 14.1. (a) The budget director**
 19 **appointed under IC 4-12-1-3 may determine that, commencing**
 20 **July 1, 2007, there may be captured in the tax area up to eleven**
 21 **million dollars (\$11,000,000) per year in addition to the up to five**
 22 **million dollars (\$5,000,000) of state revenue to be captured by the**
 23 **tax area under section 14 of this chapter, for up to thirty-four (34)**
 24 **consecutive years. The budget director's determination must**
 25 **specify that the termination date of the tax area for purposes of the**
 26 **collection of the additional eleven million dollars (\$11,000,000) per**
 27 **year is extended to not later than December 31, 2040. Following the**
 28 **budget director's determination, and commencing July 1, 2007, the**
 29 **maximum total amount of revenue captured by the tax area for**
 30 **years ending before January 1, 2028, shall be sixteen million**
 31 **dollars (\$16,000,000) per year, and for years ending after**
 32 **December 31, 2027, shall be eleven million dollars (\$11,000,000)**
 33 **per year.**

34 (b) The additional revenue captured pursuant to a
 35 determination under subsection (a) shall be distributed to the
 36 capital improvement board or its designee. So long as there are any
 37 current or future obligations owed by the capital improvement
 38 board to the Indiana stadium and convention building authority
 39 created by IC 5-1-17 or any state agency pursuant to a lease or
 40 other agreement entered into between the capital improvement
 41 board and the Indiana stadium and convention building authority
 42 or any state agency pursuant to IC 5-1-17-26, the capital

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1 **improvement board or its designee shall deposit the additional**
2 **revenue received under this subsection in a special fund, which**
3 **may be used only for the payment of the obligations described in**
4 **this subsection.**

5 SECTION 104. IC 36-7-31-21 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 21. **Except as**
7 **provided in section 14.1 of this chapter,** the capital improvement
8 board may use money distributed from the fund only to construct and
9 equip a capital improvement that is used for a professional sporting
10 event, including the financing or refinancing of a capital improvement
11 or the payment of lease payments for a capital improvement.

12 SECTION 105. IC 36-7-31-23 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 23. This chapter
14 expires December 31, ~~2027~~ **2040**.

15 SECTION 106. IC 36-7-31.3-4 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 4. As used in this
17 chapter, "covered taxes" means the part of the following taxes
18 attributable to the operation of a facility designated as part of a tax area
19 under section 8 of this chapter:

- 20 (1) The state gross retail tax imposed under IC 6-2.5-2-1 or use
- 21 tax imposed under IC 6-2.5-3-2.
- 22 (2) An adjusted gross income tax imposed under IC 6-3-2-1 on an
- 23 individual.
- 24 (3) A county option income tax imposed under IC 6-3.5
- 25 **(repealed).**
- 26 (4) Except in a county having a population of more than three
- 27 hundred thousand (300,000) but less than four hundred thousand
- 28 (400,000), a food and beverage tax imposed under IC 6-9.

29 **(5) An optional additional county income tax under IC 6-11-8.**

30 SECTION 107. IC 36-7-31.3-9 IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE MAY 15, 2005]: Sec. 9. (a) A tax area must
32 be initially established by resolution:

- 33 (1) except as provided in subdivision (2) before July 1, 1999; or
- 34 (2) before January 1, 2005, **in the case of:**

- 35 (A) ~~in the case of~~ a second class city; or
- 36 (B) the city of Marion;

37 according to the procedures set forth for the establishment of an
38 economic development area under IC 36-7-14. **Before May 15, 2005,**
39 a tax area may be changed or the terms governing the tax area revised
40 in the same manner as the establishment of the initial tax area. **After**
41 **May 14, 2005, a tax area may not be changed and the terms**
42 **governing a tax area may not be revised.** Only one (1) tax area may

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be created in each county.
(b) In establishing the tax area, the designating body must make the following findings instead of the findings required for the establishment of economic development areas:

- (1) Except for a tax area in a city having a population of:
 - (A) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or
 - (B) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used by a professional sports franchise for practice or competitive sporting events. A tax area to which this subdivision applies may also include a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a)(2) of this chapter.

(2) For a tax area in a city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000), there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a) of this chapter.

(3) For a tax area in a city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000), there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a)(2) of this chapter.

(4) The capital improvement that will be undertaken or that has been undertaken in the tax area will benefit the public health and welfare and will be of public utility and benefit.

(5) The capital improvement that will be undertaken or that has been undertaken in the tax area will protect or increase state and local tax bases and tax revenues.

(c) The tax area established under this chapter is a special taxing district authorized by the general assembly to enable the designating body to provide special benefits to taxpayers in the tax area by promoting economic development that is of public use and benefit.

SECTION 108. IC 36-7-32-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 8. As used in this chapter, "income tax base period amount" means the aggregate amount of the following taxes paid by employees employed in the territory comprising a certified technology park with respect to wages and salary

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1 earned for work in the certified technology park for the state fiscal year
2 that precedes the date on which the certified technology park was
3 designated under section 11 of this chapter:

- 4 (1) The adjusted gross income tax **(repealed)**.
- 5 (2) The county adjusted gross income tax **(repealed)**
- 6 (3) The county option income tax **(repealed)**.
- 7 (4) The county economic development income tax **(repealed)**.
- 8 **(5) The optional additional county income tax (IC 6-11-8).**

9 **After 2005, taxes imposed before 2006 under the taxes listed in**
10 **subdivision (1) through (4) shall be treated after 2005 as the base**
11 **amount for taxes imposed under IC 6-11-8.**

12 SECTION 109. IC 36-7-32-22 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 22. (a) The
14 treasurer of state shall establish an incremental tax financing fund for
15 each certified technology park designated under this chapter. The fund
16 shall be administered by the treasurer of state. Money in the fund does
17 not revert to the state general fund at the end of a state fiscal year.

18 (b) Subject to subsection (c), the following amounts shall be
19 deposited during each state fiscal year in the incremental tax financing
20 fund established for a certified technology park under subsection (a):

21 (1) The aggregate amount of state gross retail and use taxes that
22 are remitted under IC 6-2.5 by businesses operating in the
23 certified technology park, until the amount of state gross retail
24 and use taxes deposited equals the gross retail incremental
25 amount for the certified technology park.

26 (2) The aggregate amount of the following taxes paid by
27 employees employed in the certified technology park with respect
28 to wages earned for work in the certified technology park, until
29 the amount deposited equals the income tax incremental amount:

- 30 (A) The adjusted gross income tax.
- 31 (B) The county adjusted gross income tax.
- 32 (C) The county option income tax.
- 33 (D) The county economic development income tax.
- 34 **(E) The optional additional county income tax (IC 6-11-8).**

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

38 (d) On or before the twentieth day of each month, all amounts held
39 in the incremental tax financing fund established for a certified
40 technology park shall be distributed to the redevelopment commission
41 for deposit in the certified technology park fund established under
42 section 23 of this chapter.

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1 SECTION 110. IC 36-9-14.5-6 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 6. (a) Except as
3 provided in subsection (c), the county fiscal body may provide money
4 for the cumulative capital development fund by levying a tax in
5 compliance with ~~IC 6-11-4~~ **IC 6-15** on the taxable property in the
6 county.

7 (b) The maximum property tax rate that may be imposed for
8 property taxes first due and payable during a particular year in a county
9 in which the county option income tax **(repealed)**, ~~or~~ the county
10 adjusted gross income tax **(repealed)**, **or an optional additional**
11 **county income tax imposed under IC 6-11-8** is in effect on January
12 1 of that year, depends upon the number of years the county has
13 previously imposed a tax under this chapter and is determined under
14 the following table:

15 NUMBER	TAX RATE PER \$100
16 OF YEARS	OF ASSESSED
	17 VALUATION
18 0	\$0.05
19 1 or more	\$0.10

20 (c) The maximum property tax rate that may be imposed for
21 property taxes first due and payable during a particular year in a county
22 in which ~~neither~~ the county option income tax ~~nor~~ **(repealed)**, the
23 county adjusted gross income tax **(repealed)** **or optional additional**
24 **county income tax imposed under IC 6-11-8** is in effect on January
25 1 of that year, depends upon the number of years the county has
26 previously imposed a tax under this chapter and is determined under
27 the following table:

28 NUMBER	TAX RATE PER \$100
29 OF YEARS	OF ASSESSED
	30 VALUATION
31 0	\$0.04
32 1 or more	\$0.070

33 SECTION 111. IC 36-12-1-14 IS ADDED TO THE INDIANA
34 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
35 [EFFECTIVE JULY 1, 2005]: **Sec. 14. An appointed library board**
36 **subject to IC 6-11-10 shall submit its proposed operating budget**
37 **and property tax levy for the operating budget to the following**
38 **fiscal body:**

- 39 (1) **If the library district is located entirely within the**
- 40 **corporate boundaries of a municipality, the fiscal body of the**
- 41 **municipality.**
- 42 (2) **If the library district:**

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- 1 **(A) is not described by subdivision (1); and**
- 2 **(B) is located entirely within the boundaries of a township;**
- 3 **the fiscal body of the township.**
- 4 **(3) If the library district is not described by subdivision (1) or**
- 5 **(2), the fiscal body of each county in which the library district**
- 6 **is located.**

7 SECTION 112. THE FOLLOWING ARE REPEALED
8 [EFFECTIVE JULY 1, 2005]: IC 6-1.1-17-1; IC 6-1.1-17-2;
9 IC 6-1.1-17-3; IC 6-1.1-17-5; IC 6-1.1-17-5.6; IC 6-1.1-17-6;
10 IC 6-1.1-17-7; IC 6-1.1-17-8; IC 6-1.1-17-9; IC 6-1.1-17-10;
11 IC 6-1.1-17-11; IC 6-1.1-17-12; IC 6-1.1-17-13; IC 6-1.1-17-14;
12 IC 6-1.1-17-15; IC 6-1.1-17-16; IC 6-1.1-17-16.5; IC 6-1.1-17-16.7;
13 IC 6-1.1-17-17; IC 6-1.1-17-19; IC 6-1.1-17-20; IC 6-1.1-18;
14 IC 6-1.1-18.5; IC 6-1.1-18.6; IC 6-1.1-19-1.7; IC 6-1.1-19-2;
15 IC 6-1.1-19-3; IC 6-1.1-19-4.1; IC 6-1.1-19-4.2; IC 6-1.1-19-4.4;
16 IC 6-1.1-19-4.5; IC 6-1.1-19-4.6; IC 6-1.1-19-4.7; IC 6-1.1-19-4.9;
17 IC 6-1.1-19-5.1; IC 6-1.1-19-5.3; IC 6-1.1-19-5.4; IC 6-1.1-19-6;
18 IC 6-1.1-19-7; IC 6-1.1-19-8; IC 6-1.1-19-10; IC 6-1.1-19-10.5;
19 IC 6-1.1-19-11; IC 6-1.1-19-12; IC 6-1.1-20; IC 6-1.1-29; IC 6-1.1-41;
20 IC 12-13-8-4.

21 SECTION 113. IC 6-9-12-9 IS REPEALED [EFFECTIVE MAY 15,
22 2005].

23 SECTION 114. THE FOLLOWING ARE REPEALED
24 [EFFECTIVE JANUARY 1, 2006]: IC 6-3.5-1.1; IC 6-3.5-2;
25 IC 6-3.5-6; IC 6-3.5-7; IC 6-3.5-8.

26 SECTION 115. THE FOLLOWING ARE REPEALED
27 [EFFECTIVE JULY 1, 2005]: IC 6-1.1-12.1-2.3; IC 6-3.1-26-10.

28 SECTION 116. [EFFECTIVE JULY 1, 2005] **Any balance on**
29 **December 31, 2005, and any amount collected for deposit after**
30 **December 31, 2005, in a county's special account under**
31 **IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7, all as repealed by this act,**
32 **and remaining after:**

- 33 **(1) making certified distributions under IC 6-3.5-1.1,**
- 34 **IC 6-3.5-6, or IC 6-3.5-7 for 2005;**
- 35 **(2) paying any refunds to taxpayers for any overpayment of**
- 36 **the county's county adjusted gross income tax, county option**
- 37 **income tax, or county economic development tax; and**
- 38 **(3) recovering any overpayment by the state to the county of**
- 39 **county adjusted gross income tax, county option income tax,**
- 40 **or county economic development tax;**

41 **shall be distributed by the auditor of state to the county imposing**
42 **the tax for deposit in the rainy day funds of the political**

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1 subdivisions in the county according to the schedule and formula
2 prescribed by the department of local government finance, after
3 consultation with the department of state revenue. An amount
4 deposited in a rainy day fund is available to pay or fund any bond,
5 lease, or other obligation for which a political subdivision pledged
6 county adjusted gross income tax, county option income tax, or
7 county economic development tax before January 1, 2006.

8 SECTION 117. [EFFECTIVE UPON PASSAGE] (a) IC 6-11, as
9 added by this act, applies only to taxable years beginning after
10 December 31, 2005.

11 (b) IC 6-12, as added by this act, initially applies to taxes first
12 due and payable in 2006.

13 (c) IC 6-13, as added by this act, applies only to budget years
14 beginning after December 31, 2005.

15 (d) Notwithstanding IC 6-14, as added by this act, IC 6-1.1-20
16 (as effective June 30, 2005) and IC 6-1.1-18.5-8 (as effective June
17 30, 2005) or IC 6-1.1-19-8 (as effective June 30, 2005), as
18 appropriate, and not IC 6-14, as added by this act, applies to
19 petitions, remonstrances, and the review of debt service or lease
20 rentals for a controlled project (as defined in IC 6-1.1-20-1.1
21 (before its repeal)) if a notice for the debt service or lease rentals
22 has been published under IC 6-1.1-20-3.1(2) (repealed) before July
23 1, 2005. However, an action required by the school property tax
24 control board shall be taken the by local government tax control
25 board established under IC 6-13, as added by this act. Proceedings
26 conducted under this subsection shall be treated as if they had been
27 conducted under IC 6-14, as added by this act, for all purposes,
28 including the issuance of obligations to refund an obligation subject
29 to this subsection.

30 (e) Notwithstanding IC 6-14, as added by this act, a petition for
31 approval of bond indebtedness, lease rentals, or bus purchase loans
32 filed with the department of local government finance under
33 IC 6-1.1-18.5-8 (as effective before July 1, 2005), IC 6-1.1-19-8 (as
34 effective before July 1, 2005), or IC 6-1.1-20 (as effective before
35 July 1, 2005), as appropriate, before July 1, 2005, shall be reviewed
36 and approved after June 30, 2005, under IC 6-1.1-18.5-8 (as
37 effective before July 1, 2005), IC 6-1.1-19-8 (as effective before July
38 1, 2005), or IC 6-1.1-20 (as effective before July 1, 2005), as
39 appropriate. However, an action required by the school property
40 tax control board shall be taken the by local government tax
41 control board established under IC 6-13, as added by this act.
42 Proceedings conducted under this subsection shall be treated as if

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1 they had been conducted under IC 6-14, as added by this act, for all
2 purposes, including the issuance of obligations to refund an
3 obligation subject to this subsection.

4 (f) Notwithstanding IC 6-14, as added by this act, a bonding
5 bond or loan agreement that:

- 6 (1) is entered into before July 1, 2005;
- 7 (2) pledges county adjusted gross income tax, county option
8 income tax, or county economic development income tax; and
- 9 (3) was authorized and approved in conformity with the law
10 in effect at the time the agreement was entered into;

11 is valid to the same extent as if it had been authorized and
12 approved in compliance with all the requirements in IC 6-14, as
13 added by this act. Otherwise, IC 6-14, as added by this act, applies
14 to a pledge of county adjusted gross income tax, county option
15 income tax, or county economic development tax for the funding or
16 payment of bonded indebtedness or lease rentals to the same extent
17 as if it were a pledge of county income tax made under IC 6-11, as
18 added by this act. Any other loan, lease agreement, or bonded
19 indebtedness, or other obligation that was entered into by a
20 political subdivision before July 1, 2005, in conformity with the law
21 in effect at the time the agreement was entered into (including any
22 requirement requiring approval or review by the state board of tax
23 commissioners or the department of local government finance)
24 shall be treated after June 30, 2005, as if it had been entered into
25 under IC 6-14, as added by this act. Proceedings conducted under
26 this subsection shall be treated as if they had been conducted under
27 IC 6-14, as added by this act, for all purposes, including the
28 issuance of obligations to refund an obligation subject to this
29 subsection.

30 (g) An action that:

- 31 (1) is taken by a political subdivision before July 1, 2005; and
- 32 (2) complies with the requirements in IC 6-14, as added by
33 this act;

34 shall be treated after June 30, 2005, as meeting the requirements
35 of IC 6-14, as added by this act.

36 (h) IC 6-15, as added by this act, applies only to property taxes
37 first due and payable after December 31, 2005. An action that:

- 38 (1) is taken by a political subdivision before July 1, 2005; and
- 39 (2) complies with the requirements in IC 6-15, as added by
40 this act;

41 shall be treated after June 30, 2005, as meeting the requirements
42 of IC 6-15, as added by this act.

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1 (i) The department of local government finance may adopt
2 temporary rules in the manner provided in IC 4-22-2-37.1 for the
3 adoption of emergency rules to implement this act. A temporary
4 rule adopted under this subsection expires on the earliest of the
5 following:

- 6 (1) The date specified in the temporary rule.
- 7 (2) The date another temporary rule adopted under this
- 8 subsection supersedes the temporary rule.
- 9 (3) The date that a rule that supersedes the temporary rule is
- 10 adopted under IC 4-22-2.
- 11 (4) July 1, 2007.

12 SECTION 118. [EFFECTIVE JULY 1, 2005] (a) Subject to this
13 SECTION, after June 30, 2005, to the extent that there is a
14 substantially similar requirement or procedure enacted in this act,
15 a reference in a law, rule, policy, form, contract, or other document
16 to any part of:

- 17 (1) IC 6-1.1-17 (repealed by this act) or IC 6-1.1-18 (repealed
- 18 by this act) shall be treated as a reference to the appropriate
- 19 requirements and procedures in IC 6-13, as added by this act;
- 20 (2) IC 6-1.1-18.5 (repealed by this act), IC 6-1.1-18.6 (repealed
- 21 by this act), or IC 6-1.1-19 (repealed by this act) shall be
- 22 treated as a reference to the appropriate requirements and
- 23 procedures in IC 6-12, as added by this act;
- 24 (3) IC 6-1.1-20 shall be treated as a reference to the
- 25 appropriate requirements and procedures in IC 6-14, as
- 26 added by this act; and
- 27 (4) IC 6-1.1-41 (repealed by this act) shall be treated as a
- 28 reference to the appropriate requirements and procedures in
- 29 IC 6-15, as added by this act.

30 (b) Subject to this SECTION, after December 31, 2005, to the
31 extent that there is a substantially similar requirement or
32 procedure enacted in this act, a reference in a law, rule, policy,
33 form, contract, or other document to any part of IC 6-3.5-1
34 (repealed), IC 6-3.5-1.1 (repealed by this act), IC 6-3.5-2 (repealed
35 by this act), IC 6-3.5-6 (repealed by this act), IC 6-3.5-7 (repealed
36 by this act), or IC 6-3.5-8 (repealed by this act) shall be treated as
37 a reference to the appropriate requirements and procedures in
38 IC 6-11.

39 (c) After June 30, 2005, to the extent that there is a substantially
40 similar requirement or procedure enacted in this act, a reference
41 in a law, rule, policy, form, contract, or other document to
42 IC 6-1.1-17-16(e) (repealed by this act), IC 6-1.1-18.5-8 (repealed

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1 by this act), IC 6-1.1-19-4.2 (repealed by this act), IC 6-1.1-19-4.6
2 (repealed by this act), or IC 6-1.1-19-8 (repealed by this act) shall
3 be treated as a reference to the appropriate requirements and
4 procedures in IC 6-14, as added by this act.

5 (d) After June 30, 2005, to the extent that there is a substantially
6 similar requirement or procedure enacted in this act, a reference
7 in a law, rule, policy, form, contract, or other document to
8 IC 6-1.1-17-16.7 (repealed by this act) or IC 6-1.1-18-12 (repealed
9 by this act) shall be treated as a reference to the appropriate
10 requirements and procedures in IC 6-13-16, as added by this act,
11 and IC 6-15, as added by this act.

12 (e) Each county board of tax adjustment is terminated on July
13 1, 2005. Political subdivision budgets, tax rates, and taxes for each
14 year after 2005 shall be reviewed in conformity with IC 6-13, as
15 added by this act. A reference in any law to the county board of tax
16 adjustment does not have the effect of creating any procedure or
17 requirement not included in IC 6-13, as added by this act.

18 (f) This act, including IC 6-12-3-4, as added by this act, does not
19 increase the amount of debt that a political subdivision may incur
20 under the Constitution of the State of Indiana or any law that
21 limits debt to a percentage of the assessed value in the political
22 subdivision.

23 (g) Any law that limits the amount of anticipation warrants that
24 a political subdivision may issue or other short term borrowing
25 that a political subdivision may make to a percentage of the levy
26 imposed for a particular purpose or fund, shall be treated after
27 December 31, 2005, as a reference to the percentage of the levy and
28 county income taxes raised for the particular purpose or fund.

29 (h) A reference in IC 12-13-8-5, IC 12-16-14-3, IC 12-19-7-4,
30 IC 12-19-7.5-6, IC 12-29-2-2, IC 16-35-3-3, or IC 21-2-11.5-3, all as
31 amended by this act, to controlled taxes imposed for 2005 shall be
32 treated as a reference to taxes used to compute the affected
33 political subdivision's 2005 controlled tax limit under IC 6-11-4, as
34 added by this act.

35 SECTION 119. [EFFECTIVE UPON PASSAGE] (a) IC 6-11
36 through IC 6-15, all as added by this act, shall be liberally
37 construed to effectuate the intent of the general assembly to:

- 38 (1) provide county income taxes as an alternative source of
39 revenue for tax increases traditionally raised through annual
40 increases in property tax levies tied to the assessed value
41 growth quotient;
42 (2) establish general tax controls over controlled property

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1 taxes and the county income taxes used to replace controlled
 2 property taxes;
 3 (3) provide necessary funding to carry out the essential
 4 governmental functions of political subdivisions;
 5 (4) establish a rainy day fund in each political subdivision as
 6 the primary source of savings for political subdivisions to use
 7 during times of economic distress, provide funds to
 8 temporarily fund shortfalls, and for cash flow needs;
 9 (5) provide for the continued funding and payment after June
 10 30, 2005, of debt and lease rentals incurred by political
 11 subdivisions and allocation areas before July 1, 2005;
 12 (6) limit state distributions to replace revenue lost from the
 13 granting of property tax replacement credits and homestead
 14 credits;
 15 (7) provide additional public and administrative review of
 16 debt and lease rental obligations; and
 17 (8) grant the department of local government finance
 18 adequate authority to implement this act to carry out the
 19 intent of the general assembly.

20 (b) The repeal of a provision in IC 6-1.1 or IC 6-3.5 by this act
 21 shall not be construed to mean that the general assembly is
 22 rescinding any policy adopted in another act in the same session as
 23 this act. The department of local government finance shall
 24 administer IC 6-11 through IC 6-15, all as added by this act, in a
 25 manner that implements policies adopted in other acts that are not
 26 inconsistent with the policies adopted in IC 6-11 through IC 6-13,
 27 all as added by this act.

28 (c) Except with respect to limitations on the allocation factors
 29 that may be used to distribute income taxes under IC 6-11-8, as
 30 added by this act, and expansion of the purposes for which local
 31 income taxes may be used, it is the intent of the general assembly
 32 that political subdivisions:

33 (1) be authorized to raise under the controlled tax limits
 34 imposed by this act substantially similar revenue from
 35 controlled property taxes and controlled income taxes under
 36 IC 6-11-7, as added by this act, as the political subdivision
 37 could have raised if IC 6-11 through IC 6-13, all as added by
 38 this act, had not been enacted; and
 39 (2) receive substantially similar distributions under IC 6-11-8,
 40 as added by this act, as the political subdivision could have
 41 received under the county adjusted gross income tax, county
 42 option income tax, and county economic development income

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tax.
(d) The legislative council shall provide for introduction of corrective legislation in the 2006 session of the general assembly to:
(1) bring any law in conflict with this act (including any law enacted in the 2005 session of the general assembly) into conformity with this act;
(2) make any technical change necessary or appropriate as the result of the passage of this act; and
(3) make any changes in IC 6-11 through IC 6-15, all as added by this act, or other related amendments in this act that are necessary to carry out the intent of the general assembly expressed in this SECTION.

(e) The department of local government finance is authorized to make the adjustments in taxes, tax rates, allocations, and distributions otherwise required by IC 6-11 through IC 6-13, all as added by this act, to carry out the intent of this SECTION in 2005 and 2006. In order to assist the general assembly with bringing the provisions of IC 6-11 through IC 6-13, all as added by this act, into conformity with the intent of the general assembly, the department of local government finance shall submit an initial report of its activities under this subsection before July 1, 2006, and a final report, before November 1, 2006, to the general assembly in an electronic format under IC 5-14-6 and to the governor. The department of local government finance may submit additional preliminary reports or recommendations as the department determines appropriate to assist the general assembly with carrying out subsection (d).

SECTION 120. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding the effective dates included in HEA 1003-2005, the following provisions take effect February 9, 2005, and not July 1, 2005:

- (1) SECTIONS 66 through 85 of HEA 1003-2005.
- (2) SECTIONS 102 through 110 of HEA 1003-2005.
- (3) SECTION 112 of HEA 1003-2005.

(b) The actions taken by the Indiana economic development corporation to administer IC 6-3.1-13 and IC 6-3.1-26, both as amended by HEA 1003-2005, after February 8, 2005, and before the effective date of this act, are legalized and validated.

SECTION 121. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)] (a) IC 6-3.1-26-14, IC 6-3.1-26-15, IC 6-3.1-26-16, and IC 6-3.1-26-18, all as amended by this act, apply only to credits awarded by the Indiana economic

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1 development corporation under IC 6-3.1-26 after June 30, 2005.
2 Credits awarded under IC 6-3.1-26 before July 1, 2005, remain
3 subject to the provisions of IC 6-3.1-26 as in effect on June 30,
4 2005.

5 (b) IC 6-3.1-26-8, as amended by this act, applies to taxable
6 years beginning after December 31, 2005.

7 SECTION 122. [EFFECTIVE JULY 1, 2005] (a) The Indiana
8 department of administration shall, before January 1, 2006, adopt
9 policies and standards under IC 4-13-1-4(16), as added by this act,
10 for using state owned property as locations for making motion
11 pictures.

12 (b) This SECTION expires January 2, 2006.

13 SECTION 123. [EFFECTIVE JULY 1, 2005] Notwithstanding
14 IC 6-7-1-14, revenue stamps paid for before July 1, 2005, and in the
15 possession of a distributor may be used after July 1, 2005, only if
16 the full amount of the tax imposed by IC 6-7-1-12, as effective after
17 June 30, 2005, and as amended by this act, is remitted to the
18 department of state revenue under procedures prescribed by the
19 department.

20 SECTION 124. [EFFECTIVE JULY 1, 2005] (a) IC 6-1.1-12.4, as
21 added by this act, applies only to:

22 (1) real property development, redevelopment, or
23 rehabilitation; and

24 (2) personal property installation;
25 that occurs as described in that chapter after March 1, 2005.

26 (b) The definitions in IC 6-2.5 apply throughout this subsection.
27 For purposes of IC 6-2.5-6-16, as added by this act, all transactions
28 shall be considered as having occurred after June 30, 2005, to the
29 extent that delivery of the property or services constituting selling
30 at retail is made after that date to the purchaser or to the place of
31 delivery designated by the purchaser. However, a transaction shall
32 be considered as having occurred before July 1, 2005, to the extent
33 that the agreement of the parties to the transaction was entered
34 into before July 1, 2005, and payment for the property or services
35 furnished in the transaction is made before July 1, 2005,
36 notwithstanding the delivery of the property or services after June
37 30, 2005.

38 (c) The definitions in IC 6-2.5 apply throughout this subsection.
39 For purposes of IC 6-2.5-5-39, as added by this act, all transactions
40 shall be considered as having occurred after June 30, 2007, to the
41 extent that delivery of the property or services constituting selling
42 at retail is made after that date to the purchaser or to the place of

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1 delivery designated by the purchaser. However, a transaction shall
2 be considered as having occurred before July 1, 2007, to the extent
3 that the agreement of the parties to the transaction was entered
4 into before July 1, 2007, and payment for the property or services
5 furnished in the transaction is made before July 1, 2007,
6 notwithstanding the delivery of the property or services after June
7 30, 2007.

8 (d) IC 6-3.1-4-2, as amended by this act, applies only to taxable
9 years beginning after December 31, 2007.

10 (e) IC 6-3.1-4-3, as amended by this act, applies to taxable years
11 beginning after December 31, 2005. A taxpayer with a credit
12 carryover under IC 6-3.1-4-3 on December 31, 2005, from a
13 taxable year beginning before January 1, 2006, may carry the
14 excess credit over for a period not to exceed the ten (10) taxable
15 years following the taxable year in which the taxpayer was first
16 entitled to claim the credit. This subsection shall not be construed
17 to disallow any part of an excess credit used under IC 6-3.1-4-3, as
18 effective before amendment by this act, for any taxable year ending
19 before January 1, 2005.

20 SECTION 125. [EFFECTIVE JANUARY 1, 2005
21 (RETROACTIVE)] (a) IC 6-3.1-24-7, IC 6-3.1-24-9, and
22 IC 6-3.1-24-12.5, all as amended by this act, apply to taxable years
23 beginning and proposed investment plans approved after
24 December 31, 2004.

25 (b) IC 6-3.1-24-12, as amended by this act, applies to taxable
26 years beginning after December 31, 2005. A taxpayer with a credit
27 carryover under IC 6-3.1-24-12 on December 31, 2005, from a
28 taxable year beginning before January 1, 2006, may carry the
29 excess credit over for a period not to exceed the five (5) taxable
30 years following the taxable year in which the taxpayer was first
31 entitled to claim the credit. This subsection shall not be construed
32 to disallow any part of an excess credit used under IC 6-3.1-24-12,
33 as effective before amendment by this act, for any taxable year
34 ending before January 1, 2006.

35 SECTION 126. [EFFECTIVE JULY 1, 2005] For purposes of
36 IC 6-2.5-5-37, as amended by this act, all transactions shall be
37 considered as having occurred after June 30, 2005, to the extent
38 that delivery of the property or services constituting selling at
39 retail is made after that date to the purchaser or to the place of
40 delivery designated by the purchaser. However, a transaction shall
41 be considered as having occurred before July 1, 2005, to the extent
42 that the agreement of the parties to the transaction was entered

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1 into before July 1, 2005, and payment for the property or services
2 furnished in the transaction is made before July 1, 2005,
3 notwithstanding the delivery of the property or services after June
4 30, 2005.

5 SECTION 127. [EFFECTIVE JULY 1, 2005] (a) IC 6-1.1-12-34.5,
6 as added by this act, applies to property tax assessments made
7 after December 31, 2005.

8 (b) IC 6-1.1-12-35.5 and IC 6-1.1-12-36, both as amended by this
9 act, apply to property tax assessments made after December 31,
10 2005.

11 SECTION 128. [EFFECTIVE JULY 1, 2005] The following, all as
12 amended by this act, apply only to property taxes first due and
13 payable after December 31, 2006:

- 14 (1) IC 6-1.1-12.1-5.4.
- 15 (2) IC 6-1.1-12.1-5.6.
- 16 (3) IC 6-1.1-12.1-5.9.
- 17 (4) IC 6-1.1-12.1-8.
- 18 (5) IC 6-1.1-12.1-14.

19 SECTION 129. [EFFECTIVE JANUARY 1, 2006] IC 6-1.1-45, as
20 added by this act, applies to assessment dates occurring after
21 February 28, 2006, for property taxes first due and payable after
22 December 31, 2006.

23 SECTION 130. [EFFECTIVE UPON PASSAGE] (a)
24 Notwithstanding any other law, the legislative body of each unit (as
25 defined in IC 36-1-2-23) that contains the geographic area of an
26 enterprise zone shall, before December 1, 2005, adopt and forward
27 to the enterprise zone board a resolution containing the legislative
28 body's recommendation as to whether the zone should:

- 29 (1) continue in existence, subject to the renewal schedule set
30 forth in IC 4-4-6.1-3 of this chapter; or
- 31 (2) be terminated effective December 31, 2005.

32 A legislative body that fails to adopt a resolution under this
33 subsection is considered to have adopted a resolution
34 recommending the termination of the zone for purposes of
35 subsection (b).

36 (b) Notwithstanding any other law, if the legislative body of a
37 unit adopts a resolution recommending the termination of an
38 enterprise zone under subsection (a)(2), that enterprise zone is
39 terminated effective December 31, 2005.

40 (c) This SECTION expires July 1, 2006.

41 SECTION 131. [EFFECTIVE MAY 15, 2005] (a) If a member of
42 the board of directors of the Indiana stadium and convention

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1 building authority to be appointed under IC 5-1-17-7(a)(4) or
2 IC 5-1-17-7(a)(5) is not appointed for the initial term on or before
3 June 30, 2005, the governor shall appoint that member for the
4 initial term.

5 (b) This SECTION expires July 1, 2006.

6 SECTION 132. [EFFECTIVE JANUARY 1, 2005
7 (RETROACTIVE)] IC 6-3.1-10-10, as added by this act, applies to
8 taxable years beginning after December 31, 2004.

9 SECTION 133. [EFFECTIVE JULY 1, 2005] (a) This SECTION
10 applies to a county having a population of more than one hundred
11 forty-eight thousand (148,000) but less than one hundred seventy
12 thousand (170,000).

13 (b) The county fiscal body may adopt an ordinance authorizing
14 the use of county revenues to reimburse the state in an amount
15 equal to the amount of state revenue foregone by the application of
16 a tax credit assigned under IC 6-3.1-10-10, as added by this act.
17 The county fiscal body may use any source of revenue available to
18 the county, including innkeeper's taxes deposited in the county's
19 supplemental innkeeper's tax fund under IC 6-9-7-9, as added by
20 this act, to carry out an ordinance adopted under this SECTION.

21 (c) The development of the enterprise zone in the county's
22 largest city has been crucial to economic development in the city
23 and the county. The continued development of the enterprise zone
24 is enhanced by enabling a taxpayer to assign a tax credit awarded
25 for investment in the enterprise zone. These special circumstances
26 require legislation particular to the county.

27 (d) This SECTION expires January 1, 2008.

28 SECTION 134. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1120, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

ESPICH, Chair

Committee Vote: yeas 21, nays 0.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1120 be amended to read as follows:

Page 1, between lines 8 and 9, begin a new paragraph and insert:

"SECTION 2. IC 6-3.1-26-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)]: Sec. 16. (a) If a pass through entity does not have state tax liability growth against which the tax credit may be applied, **the pass through entity may compute the state tax liability growth that the pass through entity would have had if the pass through entity had been a taxpayer after applying all allowable deductions and credits in each taxable year over which state tax liability growth is computed.**

(b) **If the pass through entity would have had state tax liability growth if the pass through entity were a taxpayer, a shareholder, member, 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 **under this section**; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, **member**, or partner is entitled."

Page 3, after line 8, begin a new paragraph and insert:

"SECTION 4. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)] **IC 6-3.1-26-16, as amended by this act, applies to taxable years beginning after December 31, 2003.**

SECTION 5. **An emergency is declared for this act.**"

Re-number all SECTIONS consecutively.

(Reference is to HB 1120 as printed January 28, 2005.)

ESPICH

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COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1120, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1120 as reprinted February 1, 2005.)

KENLEY, Chairperson

Committee Vote: Yeas 8, Nays 4.

SENATE MOTION

Madam President: I move that Engrossed House Bill 1120 be amended to read as follows:

Page 9, line 33, delete "issued by the" and insert "**with**".

Page 9, delete line 34.

Page 9, line 35, delete "adopted" and insert "**determined**".

Page 27, line 9, delete "portion" and insert "**part**".

Page 29, line 29, delete "(in" and insert "**(if**".

Page 62, line 41, delete "other than real property that is".

Page 62, line 42, delete "corporate property in an adopting county,".

Page 62, line 42, strike "for a stated".

Page 63, line 1, strike "assessment year." and insert "**other than real property that is corporate property in a county that is funding annual controlled tax increases for the year from county income taxes.**".

Page 63, line 10, delete "in an adopting county".

Page 63, line 11, delete "for a stated assessment year." and insert "**in a county that is funding annual controlled tax increases for the year from county income taxes.**".

Page 63, line 26, delete "in an adopting county".

Page 63, line 27, delete "." and insert "**in a county that is funding annual controlled tax increases for the year from county income taxes.**".

Page 63, line 36, delete "in an adopting county".

Page 63, line 37, delete "for a stated assessment year." and insert "**in**".

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a county that is funding annual controlled tax increases for the year from county income taxes."

Page 64, delete lines 1 through 5.

Page 64, line 6, delete "(p)" and insert "(o)".

Page 83, line 24, delete "IC 5-1-17-26(b)," and insert "**IC 5-1-17-26,**".

Page 86, between lines 1 and 2 begin a new paragraph and insert:

"SECTION 57. IC 6-8.1-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the river boat admissions tax (IC 4-33-12); the river boat wagering tax (IC 4-33-13); the gross income tax (IC 6-2.1) (repealed); the utility receipts **tax and utility services use taxes** (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1) (**repealed**); the county option income tax (IC 6-3.5-6) (**repealed**); the county economic development income tax (IC 6-3.5-7) (**repealed**); the municipal option income tax (IC 6-3.5-8) (**repealed**); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); **the county income tax (IC 6-11)**; the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various **county** food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer."

Page 86, line 9, strike "and".

Page 87, line 11, delete "IC 5-1-17-26(b)," and insert "**IC 5-1-17-26,**".

Page 88, line 7, delete "IC 5-1-17-26(b)," and insert

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"IC 5-1-17-26,".

Page 89, line 27, delete "IC 5-1-17-26(b)," and insert "IC 5-1-17-26,".

Page 90, line 25, delete "IC 5-1-17-26(b)." and insert "IC 5-1-17-26.".

Page 91, line 4, after "3" insert ".".

Page 91, line 10, delete "no" and insert "not".

Page 91, line 17, delete "no" and insert "not".

Page 91, line 31, after "For" delete "the".

Page 92, line 8, delete "July 31, 2005." and insert "**the last day of the month that succeeds the month in which the ordinance was adopted.**".

Page 92, delete line 38, begin a new paragraph and insert:

"Sec. 11. The county fiscal body may adopt an ordinance requiring that the tax imposed under this chapter be reported on forms approved by the county treasurer and that the tax 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"

Page 93, line 3, delete "So" and insert "As".

Page 93, line 7, delete "IC 5-1-17-26(b)," and insert "IC 5-1-17-26,".

Page 93, line 9, after "the" insert "**county treasurer, if the tax is being paid to the county treasurer, to the treasurer of state. This amount plus fifty percent (50%) of the amounts received by the state from the taxes imposed under this chapter by counties shall be paid monthly by the**".

Page 93, line 11, after "state" insert ".".

Page 93, line 12, delete "and the" and insert "**The**".

Page 93, line 12, after "remainder" insert "**that is received by the state**".

Page 93, line 19, after "be" insert "**retained by the county treasurer or**".

Page 94, delete lines 8 through 17, begin a new line block indented and insert:

"(2) for any legal or corporate purpose of the county or political subdivision, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4."

Page 94, between lines 30 and 31, begin a new paragraph and insert:

"(c) A tax imposed under this chapter terminates on January 1 of the year immediately following the year in which the last

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payment obligation of the capital improvement board is made with respect to any bond, lease, or other obligation described in section 12(a) of this chapter that existed on July 1, 2006."

Page 103, line 42, delete "levy" and insert "tax".

Page 104, line 5, delete "tax" and insert "levy".

Page 104, line 31, after "taxes." insert "**Adoption of the ordinance does not increase the controlled levy limit of any political subdivision in the county.**".

Page 105, line 34, delete "in proportion to the amount" and insert "**as provided in**".

Page 105, line 35, delete "of".

Page 107, line 35, after "than" insert "**a school corporation or**".

Page 108, line 42, after "than" insert "**a school corporation or**".

Page 111, line 8, after "than" insert "**a school corporation or**".

Page 144, line 24, after "make" insert "a".

Page 144, between lines 29 and 30, begin a new line blocked left and insert:

"A political subdivision's controlled tax limit is increased by the amount and for the years that an increase is granted under this section."

Page 208, delete lines 15 through 42.

Page 209, delete lines 1 through 3.

Page 211, delete lines 7 through 42.

Delete pages 212 through 213.

Page 214, delete lines 1 through 36.

Page 232, line 36, after "subdivision," insert "**(including the purpose of replacing revenue lost from granting in the ordinance or resolution an additional property tax replacement credit that exceeds the credits granted under any other law)**".

Page 253, line 27, delete "IC 5-1-17-26(b)," and insert "**IC 5-1-17-26,**".

Page 267 delete lines 33 through 42.

Page 268 delete lines 1 through 9.

Renumber all SECTIONS consecutively.

(Reference is to EHB 1120 as printed April 4, 2005.)

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SENATE MOTION

Madam President: I move that Engrossed House Bill 1120 be amended to read as follows:

Page 76, between lines 37 and 38, begin a new paragraph and insert:
 "SECTION 41. IC 6-3.1-10-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 10. (a) A taxpayer may assign any part of the credit to which the taxpayer is entitled under this chapter to another taxpayer if the following conditions are met:**

- (1) **The credit was awarded before January 1, 2005.**
- (2) **The credit was awarded for the taxpayer's qualified investment in a business located in a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000).**
- (3) **The fiscal body of the county described in subdivision (2) adopts an ordinance authorizing the use of county revenues to reimburse the state for the state revenues foregone by the application of the credit to the state tax liability of the assignee.**

An assignment under this subsection must be in writing. A credit that is assigned under this subsection remains subject to this chapter.

(b) An assignment under subsection (a) must be reported on the state tax returns of the taxpayer and the assignee 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 (a) that exceeds the value of the part of the credit assigned.

(c) A taxpayer that assigns a tax credit under this section shall contribute at least fourteen percent (14%) of the proceeds of the assignment to the urban enterprise association established for the enterprise zone in which the taxpayer is located.

(d) After making the contribution required under subsection (c), a taxpayer that assigns a tax credit under this section shall reinvest the remaining proceeds of the assignment in the taxpayer's enterprise zone operations."

Page 86, between lines 1 and 2, begin a new paragraph and insert:
 "SECTION 6. IC 6-9-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 6. (a) The county council may levy a tax on every person engaged in the business of renting or furnishing,**

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for periods of less than thirty (30) days, any room or rooms, lodgings, or accommodations in any commercial hotel, motel, inn, university memorial union, university residence hall, tourist camp, or tourist cabin located in a county described in section 1 of this chapter. The county treasurer shall allocate and distribute the tax revenues as provided in ~~section sections~~ **sections 7 and 9** of this chapter.

(b) The tax may not exceed the rate of ~~five six~~ percent (~~5%~~) (**6%**) on the gross retail income derived from lodging income only and shall be in addition to the state gross retail tax imposed under IC 6-2.5.

(c) The tax does not apply to gross retail income received in a transaction in which:

- (1) a student rents lodgings in a university residence hall while that student participates in a course of study for which the student receives college credit from a state university located in the county; or
- (2) a person rents a room, lodging, or accommodations for a period of thirty (30) days or more.

(d) 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 under IC 6-2.5.

(e) 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 those provisions are in conflict or inconsistent with the specific provisions of this chapter or the requirements of the county treasurer. If the tax is paid to the department of state revenue, the return 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 the tax imposed under this section shall be paid quarterly by the treasurer of state to the county treasurer upon warrants issued by the auditor of state.

SECTION 7. IC 6-9-7-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) The county treasurer shall establish an innkeeper's tax fund. The treasurer shall deposit in that

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fund all money received under section 6 of this chapter **that is attributable to an innkeeper's tax rate that is not more than five percent (5%)**.

(b) Money in the innkeeper's tax fund shall be expended in the following order:

(1) Through July 1999, not more than the revenue needed to service bonds issued under IC 36-10-3-40 through IC 36-10-3-45 and outstanding on January 1, 1993, may be used to service bonds. The county auditor shall make a semiannual distribution, at the same time property tax revenue is distributed, to a park and recreation district that has issued bonds payable from a county innkeeper's tax. Each semiannual distribution must be equal to one-half (1/2) of the annual principal and interest obligations on the bonds. Money received by a park and recreation district under this subdivision shall be deposited in a special fund to be used to service the bonds. During August 1999 the money that had been set aside to cover bond payments that remains after the bonds have been retired plus sixty percent (60%) of the tax revenue during August 1999 through December 1999 shall be distributed to the county treasurer to be used by the county park board, subject to appropriation by the county fiscal body.

(2) To the commission for its general use in paying operating expenses and to carry out the purposes set forth in section 3(a)(6) of this chapter. However, the amount that may be distributed under this subdivision during any particular year may not exceed the proceeds derived from an innkeeper's tax of two percent (2%) through December 1999 and fifty percent (50%) of the tax revenue beginning January 2000 and continuing through December 2014.

(3) For the period beginning July 1, 2002, through December 2014, fifty percent (50%) of the revenue to the county treasurer to be credited by the treasurer to a special account. The county treasurer shall distribute money in the special account as follows:

(A) Seventy-five percent (75%) of the money in the special account shall be distributed to the department of natural resources for the development of projects in the state park on the county's largest river, including its tributaries.

(B) Twenty-five percent (25%) of the money in the special account shall be distributed to a community development corporation that serves a metropolitan area in the county that includes:

(i) a city having a population of more than fifty-five

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thousand (55,000) but less than fifty-nine thousand (59,000);
and

(ii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

for the community development corporation's use in tourism, recreation, and economic development activities. For the period beginning July 1, 2002, and continuing through December 2006, the community development corporation shall provide not less than forty percent (40%) of the money received from the special account under this clause as a grant to a nonprofit corporation that leases land in the state park described in this subdivision for the nonprofit corporation's use in noncapital projects in the state park.

Money in the special account may not be used for any other purpose. The money credited to the account that has not been used as specified in this subdivision by January 1, 2015, shall be transferred to the commission to be used to make grants as provided in subsection (c)(2).

(c) Money in the innkeeper's tax fund subject to appropriation by the county council shall be allocated and distributed after December 2014 as follows:

(1) Fifty percent (50%) of the revenue to the commission for the commission's general use in paying operating expenses and to carry out the purposes set forth in section 3(a)(6) of this chapter.

(2) The remainder to the commission to be used solely to make grants for the development of recreation and tourism projects. The commission shall establish and make public the criteria that will be used in analyzing and awarding grants. At least ten percent (10%) but not more than fifteen percent (15%) of the grants may be awarded for noncapital projects. Grants may be made only to the following entities upon application by the executive of the entity:

- (A) The county for deposit in a special account.
- (B) The most populated city in the county for deposit in a special account.
- (C) The second most populated city in the county for deposit in a special account.
- (D) The Tippecanoe County Wabash River parkway commission, but only so long as the interlocal agreement among the political subdivisions listed in clauses (A) through (C) is in effect. Money received by the parkway commission

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shall be segregated in a special account.

(d) Money credited to special accounts under subsection (c)(2) shall be used only for recreation or tourism projects, or both.

SECTION 7. IC 6-9-7-9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 9. (a) If the county fiscal body adopts an ordinance to increase the county's innkeeper's tax rate to a rate that exceeds five percent (5%), the county treasurer shall establish a supplemental innkeeper's tax fund. The treasurer shall deposit in the fund all money received under section 6 of this chapter that is attributable to an innkeeper's tax rate that exceeds five percent (5%).**

(b) Money in the fund may be used for any purpose that in the discretion of the county fiscal body promotes economic development in the county, including reimbursing the state in an amount equal to the amount of state revenue foregone by the application of a tax credit assigned under IC 6-3.1-10-10."

Page 268, between lines 9 and 10, begin a new paragraph and insert: "SECTION 143. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)] **IC 6-3.1-10-10, as added by this act, applies to taxable years beginning after December 31, 2004.**

SECTION 144. [EFFECTIVE JULY 1, 2005] **(a) This SECTION 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).**

(b) The county fiscal body may adopt an ordinance authorizing the use of county revenues to reimburse the state in an amount equal to the amount of state revenue foregone by the application of a tax credit assigned under IC 6-3.1-10-10, as added by this act. The county fiscal body may use any source of revenue available to the county, including innkeeper's taxes deposited in the county's supplemental innkeeper's tax fund under IC 6-9-7-9, as added by this act, to carry out an ordinance adopted under this SECTION.

(c) The development of the enterprise zone in the county's largest city has been crucial to economic development in the city and the county. The continued development of the enterprise zone is enhanced by enabling a taxpayer to assign a tax credit awarded for investment in the enterprise zone. These special circumstances require legislation particular to the county.

(d) This SECTION expires January 1, 2008."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1120 as printed April 4, 2005.)

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SENATE MOTION

Madam President: I move that Engrossed House Bill 1120 be amended to read as follows:

Page 82, between lines 34 and 35, begin a new paragraph and insert: "SECTION 52. IC 6-6-9.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

Chapter 9.5. Vanderburgh County Supplemental Auto Rental Excise Tax

Sec. 1. This chapter applies to Vanderburgh County.

Sec. 2. As used in this chapter, "department" refers to the department of state revenue.

Sec. 3. As used in this chapter, "gross retail income" has the meaning set forth in IC 6-2.5-1-5.

Sec. 4. As used in this chapter, "passenger motor vehicle" has the meaning set forth in IC 9-13-2-123(a).

Sec. 5. As used in this chapter, "person" has the meaning set forth in IC 6-2.5-1-3.

Sec. 6. As used in this chapter, "retail merchant" has the meaning set forth in IC 6-2.5-1-8.

Sec. 7. (a) The legislative body of the most populous city in the county may adopt an ordinance to impose an excise tax, known as the county supplemental auto rental excise tax, upon the rental of passenger motor vehicles in the county for periods of less than thirty (30) days. The ordinance must specify that the tax expires December 31, 2036.

(b) The county supplemental auto rental excise tax that may be imposed on the rental of a passenger motor vehicle is two percent (2%) of the gross retail income received by the retail merchant for the rental.

(c) If the city legislative body adopts an ordinance under subsection (a), the city legislative body shall immediately send a certified copy of the ordinance to the commissioner of the department.

(d) If the city legislative body adopts an ordinance under subsection (a) before June 1 of a year, the county supplemental auto rental excise tax applies to auto rentals after June 30 of the year in which the ordinance is adopted. If the city legislative body adopts an ordinance under subsection (a) on or after June 1 of a year, the county supplemental auto rental excise tax applies to auto rentals after the last day of the month in which the ordinance is adopted.

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Sec. 8. (a) The rental of a passenger motor vehicle by a funeral director licensed under IC 25-15 is exempt from the county supplemental auto rental excise tax if the rental is part of the services provided by the funeral director for a funeral.

(b) The temporary rental of a passenger motor vehicle is exempt from the county supplemental auto rental excise tax if the rental is:

- (1) made or reimbursed under a contract or agreement:**
 - (A) between a provider and person;**
 - (B) given for consideration over and above the lease or purchase price of a motor vehicle; and**
 - (C) that undertakes to perform or provide repair or replacement service, or indemnification for that service, for the operational or structural failure of a motor vehicle due to a defect in materials or skill of work or normal wear and tear;**
- (2) made or reimbursed under a contract for mechanical breakdown insurance;**
- (3) made or reimbursed under a contract for automobile collision insurance or automobile comprehensive insurance that covers the temporary lease of a vehicle to the person after the person's vehicle is damaged or destroyed in a collision; or**
- (4) otherwise provided to a person as a replacement vehicle:**
 - (A) while the person's vehicle is repaired or serviced due to a defect in materials or skill of work, normal wear and tear, or other damage; or**
 - (B) until the person permanently replaces a vehicle that has been destroyed.**

Sec. 9. A person that rents a passenger motor vehicle is liable for the county supplemental auto rental excise tax. The person shall pay the tax to the retail merchant as a separate amount added to the consideration for the rental. The retail merchant shall collect the tax as an agent for the state.

Sec. 10. (a) Except as otherwise provided in this section, the county supplemental auto rental excise tax shall be imposed, paid, and collected in the same manner that the state gross retail tax is imposed, paid, and collected under IC 6-2.5.

(b) Each retail merchant filing a return for the county supplemental auto rental excise tax shall indicate in the return:

- (1) all locations in the county where the retail merchant collected county supplemental auto rental excise taxes; and**
- (2) the amount of county supplemental auto rental excise taxes collected at each location.**

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(c) The return to be filed for the payment of the county supplemental auto rental excise tax may be:

- (1) a separate return;
- (2) combined with the return filed for the payment of the auto rental excise tax under IC 6-6-9; or
- (3) combined with the return filed for the payment of the state gross retail tax;

as prescribed by the department.

Sec. 11. The amounts received from the tax imposed under this chapter shall be paid monthly by the treasurer of state to the fiscal officer of the most populous city in the county upon warrants issued by the auditor of state.

Sec. 12. If a tax is imposed under section 7 of this chapter, the fiscal officer of the most populous city in the county shall deposit all amounts received under this chapter in the tourism capital improvement fund established under IC 6-9-2.5-7.5 to be used only for the purposes of the tourism capital improvement fund.

Sec. 13. This chapter expires January 1, 2036."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1120 as printed April 4, 2005.)

SERVER

SENATE MOTION

Madam President: I move that Engrossed House Bill 1120 be amended to read as follows:

Page 84, line 8, after "and" delete "five" and insert "seven".

Page 84, line 9, delete "\$0.03525" and insert "\$0.03725".

Page 84, line 12, delete "six" and insert "nine".

Page 84, line 13, delete "eighty-five" and insert "fifty-one".

Page 84, line 13, delete "\$0.04685" and insert "\$0.04951".

Page 85, line 1, delete "ninety-five hundredths" and insert "nine tenths".

Page 85, line 1, delete "(0.95%)" and insert "(0.9%)".

Page 85, line 24, delete "forty-one" and insert "twelve".

Page 85, line 25, delete "(5.41%)" and insert "(5.12%)".

Page 85, line 27, delete "Seventy-seven" and insert "Seventy-three".

Page 85, line 28, delete "(0.77%)" and insert "(0.73%)".

Page 85, line 31, delete "Eighty-six and eighty-six" and insert

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"Eighty-seven and fifty-six".

Page 85, line 31, delete "(86.86%)" and insert "**(87.56%)**".

Page 85, line 34, delete "ninety-six" and insert "**fifty-nine**".

Page 85, line 34, delete "(6.96%)" and insert "**(6.59%)**".

Page 209, delete lines 4 through 42.

Page 210, delete lines 1 through 35.

Page 266, delete lines 28 through 31.

Renumber all SECTIONS consecutively.

(Reference is to EHB 1120 as printed April 4, 2005.)

CLARK

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SENATE MOTION

Madam President: I move that Engrossed House Bill 1120 be amended to read as follows:

Page 9, delete lines 26 through 42.

Renumber all SECTIONS consecutively.

(Reference is to EHB 1120 as printed April 4, 2005.)

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