
SENATE BILL No. 443

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Tax abatement equalization. Provides that tax abatement deductions do not apply for purposes of taxes imposed for fire protection and emergency services. Provides a credit against municipal property taxes to a taxpayer in a municipal taxing district in which the assessed valuation subject to tax abatement is proportionally greater than the average assessed valuation subject to tax abatement in other taxing districts in the county. Imposes an equalization levy in the county to replace the revenue lost due to the credit.

Effective: January 1, 2006.

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January 13, 2005, read first time and referred to Committee on Tax and Fiscal Policy.

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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.

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SENATE BILL No. 443



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 6-1.1-1-5 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 5. **(a) Except as**
 3 **provided in subsection (b), "deduction" means a situation where a**
 4 **taxpayer is permitted to subtract a fixed dollar amount from the**
 5 **assessed value of his the taxpayer's property.**

6 **(b) For purposes of an economic revitalization area established**
 7 **under IC 6-1.1-12.1 after December 31, 2005, subject to subsection**
 8 **(c), "deduction" means a deduction as defined in subsection (a),**
 9 **except that the fixed dollar amount is subtracted from the assessed**
 10 **value of the taxpayer's property only for the purpose of the**
 11 **application of tax rates other than a tax rate imposed by a political**
 12 **subdivision to fund:**

13 (1) fire protection; or
 14 (2) emergency services.

15 **(c) For purposes of subsection (b), the funding of police**
 16 **protection, fire protection, or emergency services does not include**
 17 **the application of tax rates to fund pensions of persons who supply**



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those services.

SECTION 2. IC 6-1.1-17-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement ~~shall~~ **must** contain:

(1) information concerning the assessed valuation in the political subdivision for the next calendar year;

(2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance;

(5) the county auditor's determinations under IC 6-1.1-45-3; and

~~(5)~~ **(6)** any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 3. IC 6-1.1-45 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]:

Chapter 45. Covered Taxing District Tax Adjustments

Sec. 1. As used in this chapter:

(1) "assessed valuation subject to tax abatement" means the sum of the:

(A) amount of the deductions granted under IC 6-1.1-12.1;

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- and
- (B) deduction equivalent of the credits granted under IC 6-1.1-20.8, as determined by the department of local government finance;
- (2) "average abatement" for an assessment date means the amount of assessed valuation subject to tax abatement that bears the same proportion to the gross assessed valuation of a covered taxing district for the assessment date that the assessed valuation subject to tax abatement of all covered taxing districts in the county bears to the gross assessed valuation of all covered taxing districts in the county for the assessment date;
- (3) "covered taxing district" means a taxing district consisting of the part of a city or town located in a particular township;
- (4) "designating unit" means a city or town that designated under IC 6-1.1-12.1 the economic revitalization area in which a taxpayer is located;
- (5) "gross assessed valuation" means assessed valuation before the application of deductions under IC 6-1.1-12 and IC 6-1.1-12.1;
- (6) "high abatement district" means a covered taxing district:
 - (A) in a county in which there is more than one (1) covered taxing district; and
 - (B) in which the quotient determined under section 3(a) of this chapter is greater than the average of the quotients determined under section 3(a) of this chapter for all covered taxing districts in the county;
- (7) "low abatement district" means a covered taxing district:
 - (A) in a county in which there is more than one (1) covered taxing district; and
 - (B) in which the quotient determined under section 3(a) of this chapter is less than the average of the quotients determined under section 3(a) of this chapter for all covered taxing districts in the county; and
- (8) "net assessed valuation" means assessed valuation after the application of:
 - (A) deductions under IC 6-1.1-12 and IC 6-1.1-12.1; and
 - (B) exemptions under IC 6-1.1-10.

Sec. 2. This chapter applies only in a county in which more than one (1) covered taxing district is located.

Sec. 3. (a) Before August 1 of each year after 2005, the county auditor of each county in which there is more than one (1) covered

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1 taxing district shall determine for the most recent assessment date
2 for each covered taxing district in the county the quotient of:

- 3 (1) the assessed valuation subject to tax abatement in the
- 4 covered taxing district; divided by
- 5 (2) the gross assessed valuation of the covered taxing district.

6 (b) On or before August 1 of each year, the county auditor shall
7 certify the following to the county fiscal body, each municipality in
8 the county, and the department of local government finance:

- 9 (1) The identity of each:
 - 10 (A) high abatement district; and
 - 11 (B) low abatement district;
- 12 in the county.
- 13 (2) The total assessed valuation subject to tax abatement in
- 14 each covered taxing district in the county.

15 Sec. 4. (a) Except as provided in subsection (b), a taxpayer in a
16 high abatement district in a designating unit is entitled to a credit
17 against the taxpayer's tax liability to the designating unit. The
18 amount of the credit for taxes first due and payable in a calendar
19 year is the remainder of:

- 20 (1) the amount of the taxpayer's tax liability; minus
- 21 (2) the amount of tax for the calendar year for which the
- 22 taxpayer would be liable to the designating unit if the average
- 23 abatement for the covered taxing district for the assessment
- 24 date in the immediately preceding year applied in the
- 25 determination of the net assessed valuation used to determine
- 26 the designating unit's tax rate for the calendar year.

27 (b) The credit under this section does not apply if all of the
28 quotients determined under section 3(a) of this chapter do not
29 differ from each other by more than one percent (1%).

30 (c) The auditor of the county shall apply the credit under this
31 section against the tax liability of each taxpayer that qualifies for
32 the credit. A taxpayer is not required to apply for the credit.

33 Sec. 5. (a) Subject to subsection (b) the county fiscal body shall
34 impose an equalization levy in addition to the property tax levy
35 determined under IC 6-1.1-17 if one (1) or more designating units
36 is located in the county in which a credit is applied under section
37 4 of this chapter. The amount of the equalization levy for taxes first
38 due and payable in a calendar year in which a credit is applied
39 under section 4 of this chapter is the combined amount of those
40 credits for taxes first due and payable in that calendar year in all
41 designating units in the county.

42 (b) An additional property tax levy under this section does not

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1 apply if all the quotients determined under section 3(a) of this
2 chapter do not differ from each other by more than one percent
3 (1%).

4 Sec. 6. (a) The property tax levy limits imposed by
5 IC 6-1.1-18.5-3 do not apply to property taxes imposed under this
6 chapter.

7 (b) For purposes of computing the property tax levy limits
8 imposed on a county by IC 6-1.1-18.5-3, a property tax levy for a
9 calendar year does not include the part of the county's levy that is
10 levied under this chapter.

11 Sec. 7. The department of local government finance shall certify
12 the tax levies and tax rates required under section 5 of this chapter
13 in the same manner the department certifies levies and rates under
14 IC 6-1.1-17. To comply with this section, the department of local
15 government finance may certify a tax levy that exceeds the amount
16 originally fixed by the county.

17 Sec. 8. Tax proceeds received under this chapter are not
18 considered a levy excess under IC 6-1.1-18.5-17.

19 Sec. 9. A covered taxing district tax abatement credit account is
20 established in the general fund of each county. The county
21 treasurer shall deposit the amount collected from a levy imposed
22 under this chapter in the account.

23 Sec. 10. (a) The amount in a covered taxing district tax
24 abatement credit account:

25 (1) may be used only to replace property tax revenues lost by
26 designating units as the result of applying credits under
27 section 4 of this chapter; and

28 (2) subject to subsection (b), shall be distributed to the
29 designating units of the county:

30 (A) as though the money were property tax collections; and

31 (B) in such a manner that no designating unit suffers a net
32 revenue loss as the result of the application of credits
33 under section 4 of this chapter.

34 (b) If the money in the account referred to in subsection (a) is
35 insufficient to replace all the revenue lost as described in
36 subsection (a)(1), the amount distributed to each designating unit
37 is reduced in proportion to the relative gross assessed valuation in
38 each designating unit that is eligible to receive a distribution.

39 Sec. 11. The department of local government finance shall adopt
40 rules under IC 4-22-2 to implement this chapter.

41 SECTION 4. [EFFECTIVE JANUARY 1, 2006] IC 6-1.1-1-5 and
42 IC 6-1.1-17-1, both as amended by this act, and IC 6-1.1-45, as

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1 **added by this act, apply only to property taxes first due and**
2 **payable after December 31, 2006.**

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