
HOUSE BILL No. 1535

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-3.5; IC 20-46; IC 36-1-8-5.1.

Synopsis: Local income taxes. Reorganizes local option income taxes as follows: (1) Relocates to the county adjusted gross income tax (CAGIT) law all provisions imposing a county option income tax rate (COIT) or county economic development income tax rate (CEDIT) that is dedicated to property tax relief; (2) Relocates to the COIT law all provisions imposing a CAGIT tax rate for certified shares, an additional designated use CAGIT tax rate, or an additional designated use CEDIT tax rate that is not dedicated for property tax relief; and (3) Merges the CEDIT and COIT laws in 2009. Transfers the responsibilities of the county income tax council under the COIT and CEDIT laws to the county fiscal body. Freezes the CAGIT, COIT, and CEDIT tax rates at 2007 levels for one year and eliminates all rate caps for CAGIT, COIT, and CEDIT taxes after 2008. Establishes a municipal option income tax for cities with a population of at least 20,000 and reduces the COIT tax by the amount of the initial municipal option income tax. Makes related changes.

Effective: January 1, 2008.

Thompson

January 23, 2007, read first time and referred to Committee on Ways and Means.

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First Regular Session 115th General Assembly (2007)

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 2006 Regular Session of the General Assembly.

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HOUSE BILL No. 1535



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 6-1.1-18.5-1, AS AMENDED BY P.L.154-2006,
2 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2008]: Sec. 1. As used in this chapter:
4 "Ad valorem property tax levy for an ensuing calendar year" means
5 the total property taxes imposed by a civil taxing unit for current
6 property taxes collectible in that ensuing calendar year.
7 "Adopting county" means any county in which the county adjusted
8 gross income tax is in effect.
9 "Certified shares":
10 (1) for purposes of 2007, refers to the part of a certified
11 distribution under IC 6-3.5-1.1 (as effective September 1,
12 2006) that was distributed to civil taxing units as certified
13 shares; and
14 (2) for purposes of a year after 2007, refers to a distribution
15 under IC 6-3.5-1.1-15 or IC 6-3.5-6-38.
16 "Civil taxing unit" means any taxing unit except a school
17 corporation.



1 **"County adjusted gross income tax":**
2 **(1) for purposes of 2007, refers to a tax imposed under**
3 **IC 6-3.5-1.1 (as effective September 1, 2006), excluding any**
4 **designated additional county adjusted gross income tax rates**
5 **(as defined in IC 6-3.5-1.1-15); and**
6 **(2) for purposes of a year after 2007, refers to a tax related to**
7 **a distribution under IC 6-3.5-1.1-11 through IC 6-3.5-1.1-14,**
8 **IC 6-3.5-1.1-15, or IC 6-3.5-6-38.**
9 "Maximum permissible ad valorem property tax levy for the
10 preceding calendar year" means the greater of:
11 (1) the remainder of:
12 (A) the civil taxing unit's maximum permissible ad valorem
13 property tax levy for the calendar year immediately preceding
14 the ensuing calendar year, as that levy was determined under
15 section 3 of this chapter; minus
16 (B) one-half (1/2) of the remainder of:
17 (i) the civil taxing unit's maximum permissible ad valorem
18 property tax levy referred to in clause (A); minus
19 (ii) the civil taxing unit's ad valorem property tax levy for
20 the calendar year immediately preceding the ensuing
21 calendar year referred to in subdivision (2); or
22 (2) the civil taxing unit's ad valorem property tax levy for the
23 calendar year immediately preceding the ensuing calendar year,
24 as that levy was determined by the department of local
25 government finance in fixing the civil taxing unit's budget, levy,
26 and rate for that preceding calendar year under IC 6-1.1-17, and
27 after eliminating the effects of temporary excessive levy appeals
28 and temporary adjustments made to the working maximum levy
29 for the calendar year immediately preceding the ensuing calendar
30 year, as determined by the department of local government
31 finance.
32 "Taxable property" means all tangible property that is subject to the
33 tax imposed by this article and is not exempt from the tax under
34 IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this
35 chapter, the term "taxable property" is further defined in section 6 of
36 this chapter.
37 "Unadjusted assessed value" means the assessed value of a civil
38 taxing unit as determined by local assessing officials and the
39 department of local government finance in a particular calendar year
40 before the application of an annual adjustment under IC 6-1.1-4-4.5 for
41 that particular calendar year or any calendar year since the last general
42 reassessment preceding the particular calendar year.

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1 SECTION 2. IC 6-1.1-21-2, AS AMENDED BY P.L.67-2006,
 2 SECTION 4, AND AS AMENDED BY P.L.2-2006, SECTION 57, IS
 3 CORRECTED AND AMENDED TO READ AS FOLLOWS
 4 [EFFECTIVE JANUARY 1, 2008]; Sec. 2. As used in this chapter:

5 (a) "Taxpayer" means a person who is liable for taxes on property
 6 assessed under this article.

7 (b) "Taxes" means property taxes payable in respect to property
 8 assessed under this article. The term does not include special
 9 assessments, penalties, or interest, but does include any special charges
 10 which a county treasurer combines with all other taxes in the
 11 preparation and delivery of the tax statements required under
 12 IC 6-1.1-22-8(a).

13 (c) "Department" means the department of state revenue.

14 (d) "Auditor's abstract" means the annual report prepared by each
 15 county auditor which under IC 6-1.1-22-5 is to be filed *on or before*
 16 *March 1* of each year with the auditor of state.

17 (e) "Mobile home assessments" means the assessments of mobile
 18 homes made under IC 6-1.1-7.

19 (f) "Postabstract adjustments" means adjustments in taxes made
 20 subsequent to the filing of an auditor's abstract which change
 21 assessments therein or add assessments of omitted property affecting
 22 taxes for such assessment year.

23 (g) "Total county tax levy" means the sum of:

24 (1) the remainder of:

25 (A) the aggregate levy of all taxes for all taxing units in a
 26 county which are to be paid in the county for a stated
 27 assessment year as reflected by the auditor's abstract for the
 28 assessment year, adjusted, however, for any postabstract
 29 adjustments which change the amount of the aggregate levy;
 30 minus

31 (B) the sum of any increases in property tax levies of taxing
 32 units of the county that result from appeals described in:

33 (i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after
 34 December 31, 1982; plus

35 (ii) the sum of any increases in property tax levies of taxing
 36 units of the county that result from any other appeals
 37 described in IC 6-1.1-18.5-13 filed after December 31,
 38 1983; plus

39 (iii) IC 6-1.1-18.6-3 (children in need of services and
 40 delinquent children who are wards of the county) (*before its*
 41 *repeal*); minus

42 (C) the total amount of property taxes imposed for the stated

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assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

- (i) is entered into after December 31, 1983;
- (ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and
- (iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 (repealed) were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

- (i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus
- (ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

- (i) IC 21-2-15 (*before its repeal*) or IC 20-46-6 for a capital projects fund; plus
- (ii) IC 6-1.1-19-10 (*before its repeal*) or IC 20-46-3 for a racial balance fund; plus
- (iii) IC 36-12-12 for a library capital projects fund; plus
- (iv) IC 36-10-13-7 for an art association fund; plus
- (v) IC 21-2-17 (*before its repeal*) or IC 20-46-2 for a special education preschool fund; plus

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- 1 (vi) IC 21-2-11.6 (*before its repeal*) or IC 20-46-1 for a
 2 referendum tax levy fund; plus
 3 (vii) an appeal filed under IC 6-1.1-19-5.1 (*before its repeal*)
 4 or IC 20-45-6-8 for an increase in a school corporation's
 5 maximum permissible *general fund* tuition support levy for
 6 certain transfer tuition costs; plus
 7 (viii) an appeal filed under IC 6-1.1-19-5.4 (*before its*
 8 *repeal*) or IC 20-46-4-10 for an increase in a school
 9 corporation's maximum permissible *general transportation*
 10 fund levy for transportation operating costs; minus
 11 (H) the amount of property taxes imposed by a school
 12 corporation that is attributable to the passage, after 1983, of a
 13 referendum for an excessive tax levy under ~~IC 6-1.1-19~~
 14 *IC 6-1.1-19-4.5 (before its repeal)*, including any increases in
 15 these property taxes that are attributable to the adjustment set
 16 forth in IC 6-1.1-19-1.5 (*before its repeal*), IC 20-45-3, or any
 17 other law; minus
 18 (I) for each township in the county, the lesser of:
 19 (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)
 20 STEP THREE (*as effective January 1, 1990*) or
 21 IC 6-1.1-18.5-19(b) STEP THREE (*as effective January 1,*
 22 *1990*), whichever is applicable, plus the part, if any, of the
 23 township's ad valorem property tax levy for calendar year
 24 1989 that represents increases in that levy that resulted from
 25 an appeal described in IC 6-1.1-18.5-13(4) (*as effective*
 26 *before January 1, 1989*), filed after December 31, 1982; or
 27 (ii) the amount of property taxes imposed in the township for
 28 the stated assessment year under the authority of
 29 IC 36-8-13-4; minus
 30 (J) for each participating unit in a fire protection territory
 31 established under IC 36-8-19-1, the amount of property taxes
 32 levied by each participating unit under IC 36-8-19-8 and
 33 IC 36-8-19-8.5 less the maximum levy limit for each of the
 34 participating units that would have otherwise been available
 35 for fire protection services under IC 6-1.1-18.5-3 and
 36 IC 6-1.1-18.5-19 for that same year; minus
 37 (K) for each county, the sum of:
 38 (i) the amount of property taxes imposed in the county for
 39 the repayment of loans under IC 12-19-5-6 (repealed) that is
 40 included in the amount determined under IC 12-19-7-4(a)
 41 STEP SEVEN (*as effective January 1, 1995*) for property
 42 taxes payable in 1995, or for property taxes payable in each

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1 year after 1995, the amount determined under
 2 IC 12-19-7-4(b) *(as effective before March 16, 2004)* and
 3 IC 12-19-7-4 *(as effective after March 15, 2004)*; and
 4 (ii) the amount of property taxes imposed in the county
 5 attributable to appeals granted under IC 6-1.1-18.6-3 *(before*
 6 *its repeal)* that is included in the amount determined under
 7 IC 12-19-7-4(a) STEP SEVEN *(as effective January 1,*
 8 *1995)* for property taxes payable in 1995, or the amount
 9 determined under IC 12-19-7-4(b) *(as effective before*
 10 *March 16, 2004)* and IC 12-19-7-4 *(as effective after March*
 11 *15, 2004)* for property taxes payable in each year after 1995;
 12 plus
 13 (2) all taxes to be paid in the county in respect to mobile home
 14 assessments currently assessed for the year in which the taxes
 15 stated in the abstract are to be paid; plus
 16 (3) the amounts, if any, of county adjusted gross income taxes (**as**
 17 **defined in IC 6-1.1-18.5-1**) that were applied by the taxing units
 18 in the county as property tax replacement credits to reduce the
 19 individual levies of the taxing units for the assessment year; ~~as~~
 20 ~~provided in IC 6-3.5-1.1~~; plus
 21 (4) the amounts, if any, by which the maximum permissible ad
 22 valorem property tax levies of the taxing units of the county were
 23 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
 24 assessment year; plus
 25 (5) the difference between:
 26 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
 27 minus
 28 (B) the amount the civil taxing units' levies were increased
 29 because of the reduction in the civil taxing units' base year
 30 certified shares under IC 6-1.1-18.5-3(e).
 31 (h) "December settlement sheet" means the certificate of settlement
 32 filed by the county auditor with the auditor of state, as required under
 33 IC 6-1.1-27-3.
 34 (i) "Tax duplicate" means the roll of property taxes ~~which that~~ each
 35 county auditor is required to prepare ~~on or before March 1 of~~ each year
 36 under IC 6-1.1-22-3.
 37 (j) "Eligible property tax replacement amount" is, except as
 38 otherwise provided by law, equal to the sum of the following:
 39 (1) Sixty percent (60%) of the total county tax levy imposed by
 40 each school corporation in a county for its general fund for a
 41 stated assessment year.
 42 (2) Twenty percent (20%) of the total county tax levy (less sixty

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1 percent (60%) of the levy for the general fund of a school
2 corporation that is part of the total county tax levy) imposed in a
3 county on real property for a stated assessment year.

4 (3) Twenty percent (20%) of the total county tax levy (less sixty
5 percent (60%) of the levy for the general fund of a school
6 corporation that is part of the total county tax levy) imposed in a
7 county on tangible personal property, excluding business personal
8 property, for an assessment year.

9 (k) "Business personal property" means tangible personal property
10 (other than real property) that is being:

11 (1) held for sale in the ordinary course of a trade or business; or
12 (2) held, used, or consumed in connection with the production of
13 income.

14 (l) "Taxpayer's property tax replacement credit amount" means,
15 except as otherwise provided by law, the sum of the following:

16 (1) Sixty percent (60%) of a taxpayer's tax liability in a calendar
17 year for taxes imposed by a school corporation for its general fund
18 for a stated assessment year.

19 (2) Twenty percent (20%) of a taxpayer's tax liability for a stated
20 assessment year for a total county tax levy (less sixty percent
21 (60%) of the levy for the general fund of a school corporation that
22 is part of the total county tax levy) on real property.

23 (3) Twenty percent (20%) of a taxpayer's tax liability for a stated
24 assessment year for a total county tax levy (less sixty percent
25 (60%) of the levy for the general fund of a school corporation that
26 is part of the total county tax levy) on tangible personal property
27 other than business personal property.

28 (m) "Tax liability" means tax liability as described in section 5 of
29 this chapter.

30 (n) "General school operating levy" means the ad valorem property
31 tax levy of a school corporation in a county for the school corporation's
32 general fund.

33 (o) "Board" refers to the property tax replacement fund board
34 established under section 10 of this chapter.

35 SECTION 3. IC 6-3.5-1.1-0.5 IS ADDED TO THE INDIANA
36 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
37 [EFFECTIVE JANUARY 1, 2008]: **Sec. 0.5. The purpose of this**
38 **chapter is to provide civil taxing units and school corporations in**
39 **a county with an alternative source of revenue to provide property**
40 **tax relief.**

41 SECTION 4. IC 6-3.5-1.1-1.7 IS ADDED TO THE INDIANA
42 CODE AS A **NEW** SECTION TO READ AS FOLLOWS

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1 [EFFECTIVE JANUARY 1, 2008]: **Sec. 1.7. The county adjusted**
2 **gross income tax rate in a county is the sum of the tax rates**
3 **imposed in the county for each of the distributions or other**
4 **purposes permitted under this chapter.**

5 SECTION 5. IC 6-3.5-1.1-2, AS AMENDED BY P.L.162-2006,
6 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 JANUARY 1, 2008]: Sec. 2. (a) The county council of any county in
8 which the county option income tax will not be in effect on July 1 of a
9 year under an ordinance adopted during a previous calendar year may
10 impose the county adjusted gross income tax on the adjusted gross
11 income of county taxpayers of its county effective July 1 of that year to
12 **distribute revenue among the civil taxing units and school**
13 **corporations in the county and other entities as permitted under**
14 **this chapter.**

15 (b) ~~Except as provided in section 2.3; 2.5; 2.7; 2.8; 2.9; 3.3; 3.5; or~~
16 ~~3.6 of this chapter; The county council may establish a total~~ county
17 ~~adjusted gross income tax may be imposed at a rate of one-half of one~~
18 ~~percent (0.5%); three-fourths of one percent (0.75%); or one percent~~
19 ~~(1%) that is any increment of one-hundredth percent (0.01%) on~~
20 ~~the adjusted gross income of resident county taxpayers of the county.~~
21 Any county imposing the county adjusted gross income tax must
22 impose the tax on the nonresident county taxpayers at a rate of
23 ~~one-fourth of one percent (0.25%) on their adjusted gross income; that~~
24 ~~is twenty-five percent (25%) of the rate established for resident~~
25 ~~county taxpayers, rounded to the nearest one-hundredth percent~~
26 ~~(0.01%).~~ If the county council elects to decrease the county adjusted
27 gross income tax, the county council may decrease the county adjusted
28 gross income tax rate in increments of one-tenth of one percent (0.1%).
29 **The tax rate may be used for the purposes permitted under this**
30 **chapter.**

31 (c) To impose the county adjusted gross income tax, the county
32 council must, after January 1 but before April 1 of a year, adopt an
33 ordinance. The ordinance must substantially state the following:

34 "The _____ County Council imposes the county adjusted
35 gross income tax on the county taxpayers of _____ County.
36 The county adjusted gross income tax is imposed at a rate of
37 _____ percent (____%) on the resident county taxpayers of the
38 county and ~~one-fourth of one~~ **at the rate of (____) percent**
39 ~~(0.25%) (____)~~ on the nonresident county taxpayers of the county.
40 This tax takes effect July 1 of this year."

41 (d) Any ordinance adopted under this section takes effect July 1 of
42 the year the ordinance is adopted.

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1 (e) The auditor of a county shall record all votes taken on
2 ordinances presented for a vote under the authority of this section and
3 immediately send a certified copy of the results to the department by
4 certified mail.

5 (f) If the county adjusted gross income tax had previously been
6 adopted by a county under IC 6-3.5-1 (before its repeal on March 15,
7 1983) and that tax was in effect at the time of the enactment of this
8 chapter, then the county adjusted gross income tax continues in that
9 county at the rates in effect at the time of enactment until the rates are
10 modified or the tax is rescinded in the manner prescribed by this
11 chapter. If a county's adjusted gross income tax is continued under this
12 subsection, then the tax shall be treated as if it had been imposed under
13 this chapter and is subject to rescission or reduction as authorized in
14 this chapter.

15 (f) A county fiscal body may not adopt an ordinance in 2008 to
16 impose a county adjusted gross income tax that was not in effect in
17 the county on September 1, 2007. The county council may not
18 adopt an ordinance in 2008 to increase the county adjusted gross
19 income tax rate. The county adjusted gross income tax rate that
20 applies in the county is equal to the sum of the following:

- 21 (1) Twenty-five hundredths percent (0.25%), if a county
22 adjusted gross income tax rate was in effect in the county on
23 September 1, 2007.
- 24 (2) The tax rate that raised the amount of certified shares
25 under section 15 of this chapter that were used for property
26 tax relief in the county in 2007.
- 27 (3) Any additional economic development tax rate imposed
28 under IC 6-3.5-7-23 (repealed) and in effect in the county on
29 September 1, 2007.
- 30 (4) The county option income tax rate that raised the amount
31 used as homestead credits under IC 6-3.5-7-13 (repealed) in
32 2007.

33 **If on September 1, 2007, the county adjusted gross income tax rate**
34 **imposed in a county exceeds the rate permitted under this**
35 **subsection, beginning January 1, 2008, the county adjusted gross**
36 **income tax rate is reduced to the rate permitted under this**
37 **subsection.**

38 SECTION 6. IC 6-3.5-1.1-3 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) The county
40 council fiscal body may increase the county adjusted gross income tax
41 rate imposed upon the resident county taxpayers of the county to
42 distribute revenue among the civil taxing units and school

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1 **corporations in the county and other entities as permitted under**
2 **this chapter.** To increase the rate, the county council must, after
3 January 1 but before April 1 of a year, adopt an ordinance. The
4 ordinance must substantially state the following:

5 "The _____ County Council increases the county adjusted
6 gross income tax rate imposed upon the resident county taxpayers
7 of the county from _____ percent (___%) to _____ percent
8 (___%). This tax rate increase takes effect July 1 of this year."

9 (b) Any ordinance adopted under this section takes effect July 1 of
10 the year the ordinance is adopted.

11 (c) The auditor of a county shall record all votes taken on
12 ordinances presented for a vote under the authority of this section and
13 immediately send a certified copy of the results to the department by
14 certified mail.

15 SECTION 7. IC 6-3.5-1.1-3.1 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3.1. (a) The
17 county **council fiscal body** may decrease the county adjusted gross
18 income tax rate imposed upon the resident county taxpayers of the
19 county. To decrease the rate, the county council must, after January 1
20 but before April 1 of a year, adopt an ordinance. The ordinance must
21 substantially state the following:

22 "The _____ County Council decreases the county adjusted
23 gross income tax rate imposed upon the resident county taxpayers
24 of the county from _____ percent (___%) to _____ percent
25 (___%). This tax rate decrease takes effect July 1 of this year."

26 (b) ~~A county council may not decrease the county adjusted gross~~
27 ~~income tax rate if the county or any commission, board, department, or~~
28 ~~authority that is authorized by statute to pledge the county adjusted~~
29 ~~gross income tax has pledged the county adjusted gross income tax for~~
30 ~~any purpose permitted by IC 5-1-14 or any other statute.~~

31 ~~(c)~~ (b) Any ordinance adopted under this section takes effect July
32 1 of the year the ordinance is adopted.

33 ~~(d)~~ (c) The auditor of a county shall record all votes taken on
34 ordinances presented for a vote under the authority of this section and
35 immediately send a certified copy of the results to the department by
36 certified mail.

37 (e) ~~Notwithstanding IC 6-3.5-7, and except as provided in~~
38 ~~subsection (f), a county council that decreases the county adjusted~~
39 ~~gross income tax rate in a year may not in the same year adopt or~~
40 ~~increase the county economic development income tax under~~
41 ~~IC 6-3.5-7.~~

42 (f) This subsection applies only to a county having a population of

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1 more than one hundred ten thousand (110,000) but less than one
 2 hundred fifteen thousand (115,000). The county council may adopt or
 3 increase the county economic development income tax rate under
 4 IC 6-3.5-7 in the same year that the county council decreases the
 5 county adjusted gross income tax rate if the county economic
 6 development income tax rate plus the county adjusted gross income tax
 7 rate in effect after the county council decreases the county adjusted
 8 gross income tax rate is less than the county adjusted gross income tax
 9 rate in effect before the adoption of an ordinance under this section
 10 decreasing the rate of the county adjusted gross income tax.

11 SECTION 8. IC 6-3.5-1.1-4 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. (a) The county
 13 adjusted gross income tax imposed by a county council under this
 14 chapter remains in effect until rescinded.

15 (b) Except as provided in subsection (e), the county council may
 16 rescind the county adjusted gross income tax by adopting an ordinance
 17 to rescind the tax after January 1 but before June 1 of a year.

18 (c) Any ordinance adopted under this section takes effect July 1 of
 19 the year the ordinance is adopted.

20 (d) The auditor of a county shall record all votes taken on
 21 ordinances presented for a vote under the authority of this section and
 22 immediately send a certified copy of the results to the department by
 23 certified mail.

24 (e) A county council may not rescind the county adjusted gross
 25 income tax or take any action that would result in a civil taxing unit in
 26 the county having a smaller certified share than the certified share to
 27 which the civil taxing unit was entitled when the civil taxing unit
 28 pledged county adjusted gross income tax if the civil taxing unit or any
 29 commission, board, department, or authority that is authorized by
 30 statute to pledge county adjusted gross income tax has pledged county
 31 adjusted gross income tax for any purpose permitted by IC 5-1-14 or
 32 any other statute. The prohibition in this section does not apply if the
 33 civil taxing unit pledges legally available revenues to fully replace the
 34 civil taxing unit's certified share that has been pledged.

35 SECTION 9. IC 6-3.5-1.1-9, AS AMENDED BY P.L.207-2005,
 36 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JANUARY 1, 2008]: Sec. 9. (a) Revenue derived from the imposition
 38 of the county adjusted gross income tax shall, in the manner prescribed
 39 by this section, be distributed to the county that imposed it. The amount
 40 to be distributed to a county during an ensuing calendar year equals the
 41 amount of county adjusted gross income tax revenue that the
 42 department, after reviewing the recommendation of the budget agency,

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1 determines has been:

- 2 (1) received from that county for a taxable year ending before the
3 calendar year in which the determination is made; and
4 (2) reported on an annual return or amended return processed by
5 the department in the state fiscal year ending before July 1 of the
6 calendar year in which the determination is made;

7 as adjusted (as determined after review of the recommendation of the
8 budget agency) for refunds of county adjusted gross income tax made
9 in the state fiscal year.

10 (b) Before August 2 of each calendar year, the department, after
11 reviewing the recommendation of the budget agency, shall certify to the
12 county auditor of each adopting county the amount determined under
13 subsection (a) plus the amount of interest in the county's account that
14 has accrued and has not been included in a certification made in a
15 preceding year. The amount certified is the county's "certified
16 distribution" for the immediately succeeding calendar year. The amount
17 certified shall be adjusted under subsections (c), (d), **and** (e). ~~(f); and~~
18 ~~(g)~~. The department shall provide with the certification an informative
19 summary of the calculations used to determine the certified
20 distribution.

21 (c) The department shall certify an amount less than the amount
22 determined under subsection (b) if the department, after reviewing the
23 recommendation of the budget agency, determines that the reduced
24 distribution is necessary to offset overpayments made in a calendar
25 year before the calendar year of the distribution. The department, after
26 reviewing the recommendation of the budget agency, may reduce the
27 amount of the certified distribution over several calendar years so that
28 any overpayments are offset over several years rather than in one (1)
29 lump sum.

30 (d) The department, after reviewing the recommendation of the
31 budget agency, shall adjust the certified distribution of a county to
32 correct for any clerical or mathematical errors made in any previous
33 certification under this section. The department, after reviewing the
34 recommendation of the budget agency, may reduce the amount of the
35 certified distribution over several calendar years so that any adjustment
36 under this subsection is offset over several years rather than in one (1)
37 lump sum.

38 ~~(e) The department, after reviewing the recommendation of the~~
39 ~~budget agency, shall adjust the certified distribution of a county to~~
40 ~~provide the county with the distribution required under section 10(b)~~
41 ~~of this chapter.~~

42 ~~(f)~~ (e) This subsection applies to a county that:

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1 (1) initially imposes the county adjusted gross income tax; or

2 (2) increases the county adjusted income tax rate;

3 under this chapter in the same calendar year in which the department
4 makes a certification under this section. The department, after
5 reviewing the recommendation of the budget agency, shall adjust the
6 certified distribution of a county to provide for a distribution in the
7 immediately following calendar year and in each calendar year
8 thereafter. The department shall provide for a full transition to
9 certification of distributions as provided in subsection (a)(1) through
10 (a)(2) in the manner provided in subsection (c).

11 (g) The department, after reviewing the recommendation of the
12 budget agency, shall adjust the certified distribution of a county to
13 provide the county with the distribution required under section 3-3 of
14 this chapter beginning not later than the tenth month after the month in
15 which additional revenue from the tax authorized under section 3-3 of
16 this chapter is initially collected:

17 SECTION 10. IC 6-3.5-1.1-10, AS AMENDED BY P.L.147-2006,
18 SECTION 2, AS AMENDED BY P.L.162-2006, SECTION 29, AND
19 AS AMENDED BY P.L.2-2006, SECTION 68, IS CORRECTED AND
20 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
21 2008]: Sec. 10. (a) Except as provided in subsection (b); One-half (1/2)
22 of each adopting county's certified distribution for a calendar year shall
23 be distributed from its account established under section 8 of this
24 chapter to the appropriate county treasurer on May 1 and the other
25 one-half (1/2) on November 1 of that calendar year.

26 (b) This subsection applies to a county having a population of more
27 than one hundred forty-five thousand (145,000) but less than one
28 hundred forty-eight thousand (148,000). Notwithstanding section 9 of
29 this chapter, the initial certified distribution certified for a county under
30 section 9 of this chapter shall be distributed to the county treasurer
31 from the account established for the county under section 8 of this
32 chapter according to the following schedule during the eighteen (18)
33 month period beginning on July 1 of the year in which the county
34 initially adopts an ordinance under section 2 of this chapter:

35 (1) One-fourth (1/4) on October 1 of the *calendar* year in which
36 the ordinance was adopted:

37 (2) One-fourth (1/4) on January 1 of the calendar year following
38 the year in which the ordinance was adopted:

39 (3) One-fourth (1/4) on May 1 of the calendar year following the
40 year in which the ordinance was adopted:

41 (4) One-fourth (1/4) on November 1 of the calendar year
42 following the year in which the ordinance was adopted:

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1 Notwithstanding section 11 of this chapter, the part of the certified
 2 distribution received under subdivision (1) that would otherwise be
 3 allocated to a civil taxing unit or school corporation as property tax
 4 replacement credits under section 11 of this chapter shall be set aside
 5 and treated for the calendar year when received by the civil taxing unit
 6 or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or
 7 IC 6-1.1-19-1.7. IC 20-44-3. Certified distributions made to the county
 8 treasurer for calendar years following the eighteen (18) month period
 9 described in this subsection shall be made as provided in subsection
 10 (a).

11 (c) Except for:

12 (1) revenue that must be used to pay the costs of:

13 (A) financing, constructing, acquiring, improving, renovating,
 14 equipping, operating, or maintaining facilities and buildings;

15 (B) debt service on bonds; or

16 (C) lease rentals;

17 under section 2.3 of this chapter;

18 (1) (2) revenue that must be used to pay the costs of operating a
 19 jail and juvenile detention center under section 2.5(d) of this
 20 chapter;

21 (2) (3) revenue that must be used to pay the costs of:

22 (A) financing, constructing, acquiring, improving, renovating,
 23 ~~or~~ equipping, operating, or maintaining facilities and
 24 buildings;

25 (B) debt service on bonds; or

26 (C) lease rentals;

27 under section 2.8 of this chapter;

28 (3) (4) revenue that must be used to pay the costs of construction,
 29 improvement, renovation, or remodeling of a jail and related
 30 buildings and parking structures under section 2.7, 2.9, or 3.3 of
 31 this chapter;

32 (4) (5) revenue that must be used to pay the costs of operating and
 33 maintaining a jail and justice center under section 3.5(d) of this
 34 chapter; or

35 (5) (6) revenue that must be used to pay the costs of constructing,
 36 acquiring, improving, renovating, or equipping a county
 37 courthouse under section 3.6 of this chapter;

38 Distributions made to a county treasurer under subsections (a) and (b)
 39 shall be treated as though they were property taxes that were due and
 40 payable during that same calendar year. Except as provided by
 41 subsection (b), The certified distribution shall be distributed and used
 42 by the taxing units and school corporations as provided in sections 11

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through 15 of this chapter.

(d) (b) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 11. IC 6-3.5-1.1-10.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 10.5. (a) The county fiscal body may provide in an ordinance for the distribution and use of any part of a county adjusted gross income tax rate under sections 11 through 14 of this chapter. If the county fiscal body adopts an ordinance that establishes a tax rate under this chapter but does not designate the manner in which the revenue from the tax rate is to be distributed, the revenue shall be distributed and used in conformity with sections 11 through 14 of this chapter.**

(b) A county that had a county adjusted gross income tax in effect on September 1, 2007, shall be treated as having elected to distribute tax revenue in conformity with sections 11 through 14 of this chapter. The tax rate that is subject to this subsection is equal to twenty-five hundredths percent (0.25%).

(c) A distribution under sections 11 through 14 of this chapter shall be treated as if they were property taxes that are first due and payable in the year in which they are distributed to the county.

SECTION 12. IC 6-3.5-1.1-11, AS AMENDED BY P.L.147-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 30, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. (a) Except for:

- (1) ~~revenue that must be used to pay the costs of:~~
 - (A) ~~financing, constructing, acquiring, improving, renovating, equipping, operating, or maintaining facilities and buildings;~~
 - (B) ~~debt service on bonds; or~~
 - (C) ~~lease rentals;~~~~under section 2.3 of this chapter;~~
- (1) (2) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;
- (2) (3) revenue that must be used to pay the costs of:
 - (A) financing, constructing, acquiring, improving, renovating, or equipping, operating, or maintaining facilities and buildings;
 - (B) debt service on bonds; or
 - (C) lease rentals;
 under section 2.8 of this chapter;

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- 1 ~~(3)~~ ~~(4)~~ revenue that must be used to pay the costs of construction,
- 2 improvement, renovation, or remodeling of a jail and related
- 3 buildings and parking structures under section 2.7, 2.9, or 3.3 of
- 4 this chapter;
- 5 ~~(4)~~ ~~(5)~~ revenue that must be used to pay the costs of operating and
- 6 maintaining a jail and justice center under section 3.5(d) of this
- 7 chapter; or
- 8 ~~(5)~~ ~~(6)~~ revenue that must be used to pay the costs of constructing,
- 9 acquiring, improving, renovating, or equipping a county
- 10 courthouse under section 3.6 of this chapter;

11 The certified distribution received by a county treasurer shall, in the
 12 manner prescribed in this ~~section~~; **chapter**, be allocated, distributed,
 13 and used by the civil taxing units and school corporations of the county
 14 as ~~certified shares and to replace revenue lost as the result of~~
 15 **granting of** property tax replacement credits.

16 (b) Before August 10 of each calendar year, each county auditor
 17 shall determine the part of the certified distribution for the next
 18 succeeding calendar year that will be allocated as property tax
 19 replacement credits and the part that will be allocated as certified
 20 shares. The percentage of a certified distribution that will be allocated
 21 as property tax replacement credits or as certified shares depends upon
 22 the county adjusted gross income tax rate for resident county taxpayers
 23 in effect on August 1 of the calendar year that precedes the year in
 24 which the certified distribution will be received by two (2) years. The
 25 percentages are set forth in the following table:

PROPERTY		
COUNTY	TAX	
ADJUSTED GROSS	REPLACEMENT	CERTIFIED
INCOME TAX RATE	CREDITS	SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

33 (c) The part of a certified distribution that constitutes property tax
 34 replacement credits shall be distributed as provided under sections 12,
 35 13, and 14 of this chapter.

36 (d) The part of a certified distribution that constitutes certified
 37 shares shall be distributed as provided by section 15 of this chapter.

38 SECTION 13. IC 6-3.5-1.1-12, AS AMENDED BY P.L.207-2005,
 39 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JANUARY 1, 2008]: Sec. 12. (a) The ~~part of a~~ county's certified
 41 distribution for a calendar year that is to be used as property tax
 42 replacement credits **under sections 11 through 14 of this chapter**

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1 shall be allocated by the county auditor among the civil taxing units
2 and school corporations of the county **to replace revenue lost as the**
3 **result of granting property tax replacement credits.**

4 (b) Except as provided in section 13 of this chapter, the amount of
5 property tax replacement credits that each civil taxing unit and school
6 corporation in a county is entitled to receive during a calendar year
7 equals the product of:

8 (1) that part of the county's certified distribution that is dedicated
9 to providing property tax replacement credits for that same
10 calendar year; multiplied by

11 (2) a fraction:

12 (A) the numerator of the fraction equals the allocation amount
13 for the civil taxing unit or school corporation during that
14 calendar year; **and**

15 (B) the denominator of the fraction equals the sum of the
16 allocation amounts for all the civil taxing units and school
17 corporations of the county for that calendar year.

18 (c) The department of local government finance shall provide each
19 county auditor with the amount of property tax replacement credits that
20 each civil taxing unit and school corporation in the auditor's county is
21 entitled to receive under this section. The county auditor shall then
22 certify to each civil taxing unit and school corporation the amount of
23 property tax replacement credits it is entitled to receive (after
24 adjustment made under section 13 of this chapter) under this section
25 during that calendar year. The county auditor shall also certify these
26 distributions to the county treasurer.

27 SECTION 14. IC 6-3.5-1.1-15, AS AMENDED BY P.L.207-2005,
28 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JANUARY 1, 2008]: Sec. 15. (a) ~~As used in~~ **The following definitions**
30 **apply throughout** this section:

31 (1) **"2007 certified shares tax rate" means:**

32 (A) **twenty-five hundredth percent (0.25%), if the county**
33 **adjusted gross income tax rate, excluding any additional**
34 **county adjusted gross income tax rates, in effect in the**
35 **county on September 1, 2007, was five-tenths percent**
36 **(0.5%);**

37 (B) **five-tenths percent (0.5%), if the county adjusted gross**
38 **income tax rate, excluding any additional county adjusted**
39 **gross income tax rates, in effect in the county on**
40 **September 1, 2007, was seventy-five hundredths percent**
41 **(0.75%);**

42 (C) **seventy-five hundredths percent (0.75%), if the county**

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1 **adjusted gross income tax rate, excluding any additional**
 2 **county adjusted gross income tax rates, in effect in the**
 3 **county on September 1, 2007, was one percent (1%).**

4 **(2) "2007 certified shares tax rate used for property tax**
 5 **relief" means the 2007 certified shares tax rate multiplied by**
 6 **a fraction. The numerator of the fraction is the part of the**
 7 **certified distribution to the county under IC 6-3.5-1.1 in 2007**
 8 **that was available for distribution as certified shares and was**
 9 **used by the civil taxing units in the county for additional**
 10 **property tax relief, as certified by the department of local**
 11 **government finance. The denominator is the part of the**
 12 **certified distribution to the county under IC 6-3.5-1.1 in 2007**
 13 **that was distributed as certified shares.**

14 **(3) "Additional county adjusted gross income tax rate" means**
 15 **any part of the county adjusted gross income tax rate in effect**
 16 **in a county on September 1, 2007, that was imposed under**
 17 **section 2.3 (repealed), 2.5 (repealed), 2.7 (repealed), 2.8**
 18 **(repealed), 2.9 (repealed), 3.3 (repealed), 3.5 (repealed), or 3.6**
 19 **(repealed) of this chapter.**

20 **(4) "Attributed allocation amount" of a civil taxing unit for a**
 21 **calendar year means the sum of:**

22 **(1) (A) the allocation amount of the civil taxing unit for that**
 23 **calendar year; plus**

24 **(2) (B) the current ad valorem property tax levy of any special**
 25 **taxing district, authority, board, or other entity formed to**
 26 **discharge governmental services or functions on behalf of or**
 27 **ordinarily attributable to the civil taxing unit; plus**

28 **(3) (C) in the case of a county, an amount equal to the property**
 29 **taxes imposed by the county in 1999 for the county's welfare**
 30 **fund and welfare administration fund.**

31 **(5) "Tax rate" refers to a tax rate imposed under this section.**

32 **(b) The county fiscal body may adopt an ordinance to permit a**
 33 **civil taxing unit to replace revenue lost to the civil taxing unit**
 34 **whenever the civil taxing unit voluntarily reduces its property tax**
 35 **levies subject to IC 6-1.1-18.5-3 below the civil taxing unit's**
 36 **maximum permissible property tax levy. An action taken by a civil**
 37 **taxing unit before January 1, 2008, to use certified shares**
 38 **distributed under this section (as effective before January 1, 2008)**
 39 **in 2007 that is in effect on September 1, 2007, continues in effect**
 40 **after December 31, 2007. The part of a county adjusted gross**
 41 **income tax rate in effect on September 1, 2007, that was imposed**
 42 **before April 1, 2007, to provide a distribution of certified shares**

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1 under this section continues after December 31, 2007, as a county
 2 adjusted gross income tax rate for purposes of this section to the
 3 extent that the certified shares would be distributed to the civil
 4 taxing unit to replace revenue lost from a reduction in the civil
 5 taxing unit's maximum permissible property tax levy under
 6 IC 6-1.1-18.5-3. The amount distributed under this section shall be
 7 treated as though they were property taxes that were due and
 8 payable during that same calendar year. The distribution may be
 9 used only to provide property tax relief that supplements the
 10 property tax replacement credits provided under sections 10.5
 11 through 14 of this chapter. The county fiscal body may increase,
 12 decrease, or rescind a distribution under this section by ordinance.

13 ~~(b)~~ (c) The part of a county's ~~certified~~ distribution that is to be used
 14 as ~~certified shares~~ under this section shall be allocated only among the
 15 county's civil taxing units. Each civil taxing unit of a county is entitled
 16 to receive a certified share during a calendar year in an amount
 17 determined in STEP TWO of the following formula:

18 STEP ONE: Divide:

19 (A) the attributed allocation amount of the civil taxing unit
 20 during that calendar year; by

21 (B) the sum of the attributed allocation amounts of all the civil
 22 taxing units of the county during that calendar year.

23 STEP TWO: Multiply the part of the county's certified
 24 distribution that is to be used as certified shares by the STEP
 25 ONE amount.

26 ~~(c)~~ (d) The local government tax control board established by
 27 IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing
 28 units that are entitled to receive certified shares during a calendar year.
 29 If the ad valorem property tax levy of any special taxing district,
 30 authority, board, or other entity is attributed to another civil taxing unit
 31 under subsection (a)(2), then the special taxing district, authority,
 32 board, or other entity shall not be treated as having an attributed
 33 allocation amount of its own. The local government tax control board
 34 shall certify the attributed allocation amounts to the appropriate county
 35 auditor. The county auditor shall then allocate the certified shares
 36 among the civil taxing units of the auditor's county.

37 ~~(d)~~ (e) Certified shares received by a civil taxing unit shall be
 38 treated as additional revenue for the purpose of fixing its budget for the
 39 calendar year during which the certified shares will be received. The
 40 certified shares may be allocated to or appropriated for any purpose,
 41 including property tax relief or a transfer of funds to another civil
 42 taxing unit whose levy was attributed to the civil taxing unit in the

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1 determination of its attributed allocation amount.

2 SECTION 15. IC 6-3.5-1.1-21.1 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 21.1. (a) If, after
4 receiving a recommendation from the budget agency, the department
5 determines that a sufficient balance exists in a county account in excess
6 of the amount necessary, when added to other money that will be
7 deposited in the account after the date of the recommendation, to make
8 certified distributions to the county in the ensuing year, the department
9 shall make a supplemental distribution to a county from the county's
10 adjusted gross income tax account.

11 (b) A supplemental distribution described in subsection (a) must be:

- 12 (1) made in January of the ensuing calendar year; and
13 (2) ~~allocated and, subject to subsection (d),~~ used in the same
14 manner as certified distributions.

15 (c) A determination under this section must be made before October
16 2.

17 ~~(d) This subsection applies to that part of a distribution made under
18 this section that is allocated and available for use in the same manner
19 as certified shares. The civil taxing unit receiving the money shall
20 deposit the money in the civil taxing unit's rainy day fund established
21 under IC 36-1-8-5.1.~~

22 SECTION 16. IC 6-3.5-1.1-24 IS ADDED TO THE INDIANA
23 CODE AS A NEW SECTION TO READ AS FOLLOWS
24 [EFFECTIVE JANUARY 1, 2008]: Sec. 24. (a) **The county fiscal
25 body may adopt an ordinance to:**

- 26 (1) **increase the homestead credit in the county under
27 IC 6-1.1-20.9-2; and**
28 (2) **distribute part of the certified distribution for the year to
29 the civil taxing units and school corporations in the county to
30 replace the revenue lost as a result of the granting of the
31 homestead credits.**

32 (c) **An ordinance adopted under IC 6-3.5-6-13 (before its repeal)
33 or IC 6-3.5-7-13.1 (as effective September 1, 2007), or both, that is
34 in effect on September 1, 2007, shall be treated as an ordinance
35 adopted under this section. The part of a tax rate in effect on
36 September 1, 2007, that was imposed to provide property tax
37 credits under IC 6-3.5-7-26 (repealed) in 2008 continues after
38 December 31, 2007, as a county adjusted gross income tax rate for
39 purposes of this section. The certified distribution in 2008 allocated
40 for purposes of this section shall be calculated in the same manner
41 as if the allocation was being made under IC 6-3.5-6-13 (before its
42 repeal) or IC 6-3.5-7-13.1 (as effective September 1, 2007), as**

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1 appropriate. Any amount in the county's county option income tax
 2 special account established under IC 6-3.5-6-16 or economic
 3 development income tax special account established under
 4 IC 6-3.5-7-10 on January 1, 2008, that would have been available
 5 to be distributed as homestead credits under IC 6-3.5-6-13
 6 (repealed) or IC 6-3.5-7-13.1 (as effective September 1, 2007) shall
 7 be transferred to the county's special account under section 8 of
 8 this chapter for purposes of this section. Any amount collected
 9 after December 31, 2007, for homestead credits granted under
 10 IC 6-3.5-6-13 (repealed) or IC 6-3.5-7-13.1 (as effective September
 11 1, 2007) shall be deposited in the county's special account under
 12 section 8 of this chapter for purposes of this section.

13 (d) A county fiscal body may increase, decrease, or rescind the
 14 percentage of homestead credit granted and the certified
 15 distribution distributed under this section.

16 (e) An increase of the homestead credit percentage must be
 17 uniform for all homesteads in a county. The homestead credit
 18 percentage may not exceed a percentage that would grant more
 19 homestead credits than the amount of the certified distribution
 20 distributed under this section to replace the revenue lost from the
 21 granting of the homestead credits. The department of local
 22 government finance shall certify a homestead credit percentage for
 23 each taxing district in the county.

24 (f) In an ordinance that increases the homestead credit
 25 percentage, a county fiscal body may provide for a series of
 26 increases or decreases to take place for each year of a group of
 27 succeeding calendar years.

28 (g) An ordinance adopted under this section must be adopted
 29 after January 1 but before June 1 of a calendar year.

30 (h) An ordinance adopted under this section takes effect on
 31 January 1 of the next succeeding calendar year.

32 (i) The county auditor shall retain from the payments of the
 33 county's certified distribution an amount equal to the revenue lost,
 34 if any, due to the increase of the homestead credits within the
 35 county. This money shall be distributed to the civil taxing units and
 36 school corporations of the county as though they were property tax
 37 collections and in such a manner that no civil taxing unit or school
 38 corporation suffers a net revenue loss due to the allowance of an
 39 increased homestead credit.

40 SECTION 17. IC 6-3.5-1.1-25 IS ADDED TO THE INDIANA
 41 CODE AS A NEW SECTION TO READ AS FOLLOWS
 42 [EFFECTIVE JANUARY 1, 2008]: **Sec. 25. (a) The following**

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definitions apply throughout this section:

- (1) "Adopt" includes amend.
 - (2) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20.9.
 - (3) "Residential" refers to the following:
 - (A) Real property, a mobile home, and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20.9.
 - (B) Real property not described in clause (A) designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more, regardless of whether the tangible property is subject to assessment under rules of the department of local government finance that apply to:
 - (i) residential property; or
 - (ii) commercial property.
 - (b) The county fiscal body may adopt an ordinance to:
 - (1) increase the property tax credits in the county; and
 - (2) distribute part of the certified distribution for the year to the civil taxing units and school corporations in the county to replace the revenue lost as a result of the granting of the property tax credits.
- An ordinance adopted under IC 6-3.5-7-26 (repealed) that is in effect on September 1, 2007, shall be treated as an ordinance adopted under this section. The part of a tax rate in effect on September 1, 2007, that was imposed to provide property tax credits under IC 6-3.5-7-26 (repealed) in 2008 continues after December 31, 2007, as a county adjusted gross income tax rate for purposes of this section. The certified distribution in 2008 allocated for purposes of this section shall be calculated in the same manner as if the allocation were being made under IC 6-3.5-7-26 (repealed). Any amount in the county's economic development income tax special account under IC 6-3.5-7-10 on January 1, 2008, that would have been available to be distributed as homestead credits under IC 6-3.5-7-26 (repealed) shall be transferred to the county's special account under section 8 of this chapter for purposes of this section. Any amount collected after December 31, 2007, for homestead credits granted under IC 6-3.5-7-26 (repealed) shall be deposited in the county's special account under section 8 of this chapter for purposes of this section.
- (c) An ordinance adopted under this section must specify that the certified distribution must be used to provide for one (1) of the

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following, as determined by the adopting entity:

- (1) Uniformly applied increased homestead credits as provided in subsection (f).
- (2) Uniformly applied increased residential credits as provided in subsection (g).
- (3) Allocated increased homestead credits as provided in subsection (i).
- (4) Allocated increased residential property tax replacement credits as provided in subsection (j).

(d) The percentage of the certified distribution specified in the ordinance used for purposes provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection (k); and
- (2) used for the purpose provided in subsection (e).

(e) The adopting entity shall use the certified distribution designated for distribution under this section to increase:

- (1) if the ordinance grants a credit described in subsection (c)(1) or (c)(3), the homestead credit allowed in the county under IC 6-1.1-20.9 for a year; or
- (2) if the ordinance grants a credit described in subsection (c)(2) or (c)(4), the property tax replacement credit allowed in the county under IC 6-1.1-21-5 for a year for the residential property;

to offset the effect on homesteads or residential property, as applicable, in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42. The amount of an additional residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20.9 or another law other than IC 6-1.1-20.6.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(1), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;
- (2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and
- (3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under

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1 subdivision (2).

2 (g) If the imposing entity specifies the application of uniform
3 increased residential credits under subsection (c)(2), the county
4 auditor shall determine for each calendar year in which an
5 increased homestead credit percentage is authorized under this
6 section:

7 (1) the amount of the certified distribution that is available to
8 provide an increased residential property tax replacement
9 credit percentage for the year;

10 (2) the amount of uniformly applied residential property tax
11 replacement credits for the year in the county that equals the
12 amount determined under subdivision (1); and

13 (3) the increased percentage of residential property tax
14 replacement credit that equates to the amount of residential
15 property tax replacement credits determined under
16 subdivision (2).

17 (h) The increased percentage of homestead credit determined by
18 the county auditor under subsection (f) or the increased percentage
19 of residential property tax replacement credit determined by the
20 county auditor under subsection (g) applies uniformly in the
21 county in the calendar year for which the increased percentage is
22 determined.

23 (i) If the imposing entity specifies the application of allocated
24 increased homestead credits under subsection (c)(3), the county
25 auditor shall, for each calendar year in which an increased
26 homestead credit is authorized under this section, determine:

27 (1) the amount of the certified distribution that is available to
28 provide an increased homestead credit for the year; and

29 (2) except as provided in subsection (1), an increased
30 percentage of homestead credit for each taxing district in the
31 county that allocates to the taxing district an amount of
32 increased homestead credits that bears the same proportion
33 to the amount determined under subdivision (1) that the
34 amount of inventory assessed value deducted under
35 IC 6-1.1-12-42 in the taxing district for the immediately
36 preceding year's assessment date bears to the total inventory
37 assessed value deducted under IC 6-1.1-12-42 in the county
38 for the immediately preceding year's assessment date.

39 (j) If the imposing entity specifies the application of allocated
40 increased residential property tax replacement credits under
41 subsection (c)(4), the county auditor shall determine for each
42 calendar year in which an increased residential property tax

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replacement credit is authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit for the year; and

(2) except as provided in subsection (1), an increased percentage of residential property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of increased residential property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(k) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit or residential property tax replacement credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

- (1) as if the money were from property tax collections; and
- (2) in such a manner that no civil taxing unit or school corporation suffers a net revenue loss because of the allowance of an increased homestead credit or residential property tax replacement credit.

(l) Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of:

- (1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or
- (2) residential property tax replacement credit determined under subsection (j)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the residential property in the county.

SECTION 18. IC 6-3.5-1.1-26 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 26. (a) This section applies only to Hancock County.**

(b) The county fiscal body may by ordinance determine that, in

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1 order to promote the development of libraries in the county and
 2 thereby encourage economic development, it is necessary to use
 3 county adjusted gross income tax revenue to replace library
 4 property taxes in the county. However, a county fiscal body may
 5 adopt an ordinance under this subsection only if all territory in the
 6 county is included in a library district.

7 (c) If the county fiscal body makes a determination under
 8 subsection (b), the county fiscal body may adopt a county adjusted
 9 gross income tax revenue tax rate as revenue that shall be used to
 10 replace library property taxes imposed by public libraries in the
 11 county. An ordinance adopted under IC 6-3.5-7-23 (repealed) that
 12 is in effect on September 1, 2007, shall be treated as an ordinance
 13 adopted under this section. The part of a tax rate in effect on
 14 September 1, 2007, that was imposed to provide property tax
 15 credits under IC 6-3.5-7-23 (repealed) in 2008 continues after
 16 December 31, 2007, as a county adjusted gross income tax rate for
 17 purposes of this section. The certified distribution in 2008 allocated
 18 for purposes of this section shall be calculated in the same manner
 19 as if the allocation were being made under IC 6-3.5-7-23 (repealed).
 20 Any amount in the county's economic development income tax
 21 special account under IC 6-3.5-7-10 on January 1, 2008, that would
 22 have been available to be distributed as homestead credits under
 23 IC 6-3.5-7-23 (repealed) shall be transferred to the county's special
 24 account under section 8 of this chapter for purposes of this section.
 25 Any amount collected after December 31, 2007, for homestead
 26 credits granted under IC 6-3.5-7-23 (repealed) shall be deposited
 27 in the county's special account under section 8 of this chapter for
 28 purposes of this section.

29 (d) The county treasurer shall establish a library property tax
 30 replacement fund to be used only for the purposes described in this
 31 section. County adjusted gross income tax revenues derived from
 32 the portion of the tax rate designated for property tax replacement
 33 credits under subsection (c) shall be deposited in the library
 34 property tax replacement fund. Any interest earned on money in
 35 the library property tax replacement fund shall be credited to the
 36 library property tax replacement fund.

37 (e) The amount of county adjusted gross income tax revenue
 38 dedicated to providing library property tax replacement credits
 39 shall, in the manner prescribed by this section, be allocated to
 40 public libraries operating in the county and shall be used by those
 41 public libraries as property tax replacement credits. The amount
 42 of property tax replacement credits that each public library in the

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1 county is entitled to receive during a calendar year under this
2 section equals the lesser of:

3 (1) the product of:

4 (A) the amount of revenue deposited by the county auditor
5 in the library property tax replacement fund; multiplied
6 by

7 (B) a fraction:

8 (i) the numerator of which equals the sum of the total
9 property taxes that would have been collected by the
10 public library during the previous calendar year from
11 taxpayers located within the library district if the
12 property tax replacement under this section had not been
13 in effect; and

14 (ii) the denominator of which equals the sum of the total
15 property taxes that would have been collected during the
16 previous year from taxpayers located within the county
17 by all public libraries that are eligible to receive
18 property tax replacement credits under this section if the
19 property tax replacement under this section had not been
20 in effect; or

21 (2) the total property taxes that would otherwise be collected
22 by the public library for the calendar year if the property tax
23 replacement credit under this section were not in effect.

24 The department of local government finance shall make any
25 adjustments necessary to account for the expansion of a library
26 district. However, a public library is eligible to receive property
27 tax replacement credits under this section only if it has entered into
28 reciprocal borrowing agreements with all other public libraries in
29 the county. If the total amount of county adjusted gross income tax
30 revenue deposited by the county auditor in the library property tax
31 replacement fund for a calendar year exceeds the total property
32 tax liability that would otherwise be imposed for public libraries in
33 the county for the year, the excess shall remain in the library
34 property tax replacement fund and shall be used for library
35 property tax replacement purposes in the following calendar year.

36 (f) Notwithstanding subsection (e), if a public library did not
37 impose a property tax levy during the previous calendar year, that
38 public library is entitled to receive a part of the property tax
39 replacement credits to be distributed for the calendar year. The
40 amount of property tax replacement credits the public library is
41 entitled to receive during the calendar year equals the product of:

42 (1) the amount of revenue deposited in the library property

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1 tax replacement fund; multiplied by
 2 (2) a fraction. The numerator of the fraction equals the
 3 budget of the public library for that calendar year. The
 4 denominator of the fraction equals the aggregate budgets of
 5 public libraries in the county for that calendar year.

6 If for a calendar year a public library is allocated a part of the
 7 property tax replacement credits under this subsection, then the
 8 amount of property tax credits distributed to other public libraries
 9 in the county for the calendar year shall be reduced by the amount
 10 to be distributed as property tax replacement credits under this
 11 subsection. The department of local government finance shall make
 12 any adjustments required by this subsection and provide the
 13 adjustments to the county auditor.

14 (g) The department of local government finance shall inform the
 15 county auditor of the amount of property tax replacement credits
 16 that each public library in the county is entitled to receive under
 17 this section. The county auditor shall certify to each public library
 18 the amount of property tax replacement credits that the public
 19 library is entitled to receive during that calendar year. The county
 20 auditor shall also certify these amounts to the county treasurer.

21 (h) A public library receiving property tax replacement credits
 22 under this section shall allocate the credits among each fund for
 23 which a distinct property tax levy is imposed. The amount that
 24 must be allocated to each fund equals:

- 25 (1) the amount of property tax replacement credits provided
- 26 to the public library under this section; multiplied by
- 27 (2) the amount determined in STEP THREE of the following
- 28 formula:

29 **STEP ONE:** Determine the property taxes that would have
 30 been collected for each fund by the public library during
 31 the previous calendar year if the property tax replacement
 32 under this section had not been in effect.

33 **STEP TWO:** Determine the sum of the total property taxes
 34 that would have been collected for all funds by the public
 35 library during the previous calendar year if the property
 36 tax replacement under this section had not been in effect.

37 **STEP THREE:** Divide the STEP ONE amount by the
 38 STEP TWO amount.

39 However, if a public library did not impose a property tax levy
 40 during the previous calendar year or did not impose a property tax
 41 levy for a particular fund during the previous calendar year, but
 42 the public library is imposing a property tax levy in the current

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1 calendar year or is imposing a property tax levy for the particular
 2 fund in the current calendar year, the department of local
 3 government finance shall adjust the amount of property tax
 4 replacement credits allocated among the various funds of the
 5 public library and shall provide the adjustment to the county
 6 auditor. If a public library receiving property tax replacement
 7 credits under this section does not impose a property tax levy for
 8 a particular fund that is first due and payable in a calendar year in
 9 which the property tax replacement credits are being distributed,
 10 the public library is not required to allocate to that fund a part of
 11 the property tax replacement credits to be distributed to the public
 12 library. Notwithstanding IC 6-1.1-20-1.1(1), a public library that
 13 receives property tax replacement credits under this section is
 14 subject to the procedures for the issuance of bonds set forth in
 15 IC 6-1.1-20.

16 (i) For each public library that receives property tax credits
 17 under this section, the department of local government finance
 18 shall certify to the county auditor the property tax rate applicable
 19 to each fund after the property tax replacement credits are
 20 allocated.

21 (j) A public library shall treat property tax replacement credits
 22 received during a particular calendar year under this section as a
 23 part of the public library's property tax levy for each fund for that
 24 same calendar year for purposes of fixing the public library's
 25 budget and for purposes of the property tax levy limits imposed by
 26 IC 6-1.1-18.5.

27 (k) The property tax replacement credits that are received
 28 under this section do not reduce the total county tax levy that is
 29 used to compute the state property tax replacement credit under
 30 IC 6-1.1-21. For purposes of computing and distributing certified
 31 distributions under this chapter and tax revenue under IC 6-5.5 or
 32 IC 6-6-5, the property tax replacement credits that are received
 33 under this section shall be treated as though they were property
 34 taxes that were due and payable during that same calendar year.

35 SECTION 19. IC 6-3.5-6-0.5 IS ADDED TO THE INDIANA
 36 CODE AS A NEW SECTION TO READ AS FOLLOWS
 37 [EFFECTIVE JANUARY 1, 2008]: **Sec. 0.5. The purpose of this**
 38 **chapter is to provide counties, cities, towns, and other civil taxing**
 39 **units in a county with an alternative source of revenue that**
 40 **supplements the revenue raised from property taxes.**

41 SECTION 20. IC 6-3.5-6-1 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 1. As used in this**

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1 chapter:

2 "Adjusted gross income" has the same definition that the term is
3 given in IC 6-3-1-3.5. However, in the case of a county taxpayer who
4 is not treated as a resident county taxpayer of a county, the term
5 includes only adjusted gross income derived from his principal place
6 of business or employment.

7 **"Allocation amount" means the amount determined for a civil
8 taxing unit under section 1.1 of this chapter.**

9 **"Capital project" includes substance removal or remedial
10 action in Tippecanoe County.**

11 **"Certified distribution" means a certified distribution for a year
12 determined under section 17 of this chapter.**

13 "Civil taxing unit" means, **except as provided in sections 18, 18.5,
14 and 38 of this chapter**, any entity, except a school corporation, that
15 has the power to impose ad valorem property taxes. The term does not
16 include a solid waste management district that is not entitled to a
17 distribution under section 1.3 of this chapter. However, in the case of
18 a county in which a consolidated city is located, the consolidated city,
19 the county, all special taxing districts, special service districts, included
20 towns (as defined in IC 36-3-1-7), and all other political subdivisions
21 except townships, excluded cities (as defined in IC 36-3-1-7), and
22 school corporations shall be deemed to comprise one (1) civil taxing
23 unit whose fiscal body is the fiscal body of the consolidated city.

24 "County income tax council" means a council established by section
25 2 of this chapter **(as effective before January 1, 2008).**

26 "County taxpayer", as it relates to a particular county, means any
27 individual:

28 (1) who resides in that county on the date specified in section 20
29 of this chapter; or

30 (2) who maintains his principal place of business or employment
31 in that county on the date specified in section 20 of this chapter
32 and who does not reside on that same date in another county in
33 which the county option income tax, the county adjusted income
34 tax, or the county economic development income tax is in effect.

35 "Department" refers to the Indiana department of state revenue.

36 **"Designated additional county adjusted gross income tax rate"
37 means any part of the county adjusted gross income tax rate in
38 effect in a county on September 1, 2007, that was imposed under
39 IC 6-3.5-1.1-2.3 (repealed), IC 6-3.5-1.1-2.5 (repealed),
40 IC 6-3.5-1.1-2.7 (repealed), IC 6-3.5-1.1-2.8 (repealed),
41 IC 6-3.5-1.1-2.9 (repealed), IC 6-3.5-1.1-3.3 (repealed),
42 IC 6-3.5-1.1-3.5 (repealed), or IC 6-3.5-1.1-3.6 (repealed).**

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1 **"Designated additional county economic development income**
2 **tax rate"** means any part of the county economic development tax
3 **in effect in a county on September 1, 2007, that was imposed under**
4 **IC 6-3.5-7-22 (repealed), IC 6-3.5-7-22.5 (repealed), IC 6-3.5-7-24**
5 **(repealed), or IC 6-3.5-7-27 (repealed).**

6 **"Designated additional county option income tax rate"** means
7 **any part of the county option income tax in effect in a county on**
8 **September 1, 2007, that was imposed under section 27, 28, or 29 of**
9 **this chapter or dedicated to providing homestead credits under**
10 **section 13 (repealed) of this chapter.**

11 **"Economic development shares"** means the part of a certified
12 **distribution that is subject to sections 42 through 47 of this**
13 **chapter.**

14 **"Fiscal body"** has the same definition that the term is given in
15 **IC 36-1-2-6.**

16 **"Metropolitan city"** means a city with a population (as
17 **determined in conformity with IC 1-1-3.5-5(b)) of at least twenty**
18 **thousand (20,000) on January 1 of a year.**

19 **"Municipal taxpayer"** has the meaning set forth in IC 6-3.5-8-5.

20 **"Remedial action"** has the meaning set forth in IC 13-11-2-185.

21 **"Removal"** has the meaning set forth in IC 13-11-2-187.

22 **"Resident county taxpayer",** as it relates to a particular county,
23 **means any county taxpayer who resides in that county on the date**
24 **specified in section 20 of this chapter.**

25 **"School corporation"** has the same definition that the term is given
26 **in IC 6-1.1-1-16.**

27 **"Substance"** has the meaning set forth in IC 13-11-2-98 for
28 **"hazardous substance".**

29 **"Unit"** refers to a county, city, or town. However, the term does
30 **not include a metropolitan city after 2011.**

31 SECTION 21. IC 6-3.5-6-1.7 IS ADDED TO THE INDIANA
32 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
33 **[EFFECTIVE JANUARY 1, 2008]: Sec. 1.7. The county option**
34 **income tax rate in a county is the sum of the tax rates imposed in**
35 **the county for each of the distributions or other purposes**
36 **permitted under this chapter.**

37 SECTION 22. IC 6-3.5-6-2 IS AMENDED TO READ AS
38 **FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) A county**
39 **income tax council is established for each county in Indiana. The**
40 **membership of each county's county income tax council consists of the**
41 **fiscal body of the county and the fiscal body of each city or town that**
42 **lies either partially or entirely within that county.**

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1 ~~(b) Using procedures described in this chapter, (a)~~ A county income
2 tax council **fiscal body** may adopt ordinances to:

- 3 (1) impose the county option income tax in its county;
4 (2) subject to section 12 of this chapter, rescind the county option
5 income tax in its county;
6 (3) increase the county option income tax rate for the county;
7 ~~(4) freeze the county option income tax rate for its county;~~
8 ~~(5) increase the homestead credit in its county; or~~
9 ~~(6)~~ **(4)** subject to section 12.5 of this chapter, decrease the county
10 option income tax rate for the county.

11 ~~(c)~~ **(b)** An ordinance adopted in a particular year under this chapter
12 to impose or rescind the county option income tax or to increase its tax
13 rate is effective July 1 of that year.

14 **(c)** An action taken before January 1, 2008, under this chapter
15 by a county income tax council shall be treated after December 31,
16 2007, as an action of the county fiscal body.

17 **(d)** In 2008, a county council may not adopt an ordinance to
18 impose a county option income tax rate if an option income tax rate
19 was not in effect in the county on September 1, 2007. A county
20 council may not adopt an ordinance in 2008 to increase a county
21 option income tax rate. The option income tax rate that applies in
22 the county in 2008 is equal to:

23 (1) the sum of:

24 **(A)** the county option income tax rate that was in effect in
25 the county on September 1, 2007, excluding any designated
26 additional county option income tax rates;

27 **(B)** the designated additional income tax rates under
28 section 27, 28, or 29 of this chapter that were in effect on
29 September 1, 2007;

30 **(C)** the designated additional county adjusted gross income
31 tax rates for the county; and

32 **(D)** the designated additional economic development
33 income tax rates for the county; minus

34 (2) a tax rate equal to the municipal option income tax rate
35 imposed in any municipality in the county under
36 IC 6-3.5-8-11.5 and attributable to the split of the tax rate
37 under this chapter into a county option income tax rate and a
38 municipal option income tax rate.

39 If on September 1, 2007, the county option income tax rate imposed
40 in the county exceeds the rate permitted under this subsection,
41 beginning January 1, 2008, the county option income tax rate is
42 reduced to the rate permitted under this subsection.

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1 SECTION 23. IC 6-3.5-6-7 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 7. (a) Before a
3 ~~member of the county income tax council fiscal body~~ may propose an
4 ordinance or vote on a proposed ordinance, the ~~member county fiscal~~
5 **body** must hold a public hearing on the proposed ordinance and
6 provide the public with notice of the time and place where the public
7 hearing will be held.

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

10 (c) The form of the notice required by this section must be in
11 substantially the following form:

12 "NOTICE OF COUNTY OPTION
13 INCOME TAX ORDINANCE VOTE.

14 The fiscal body of the _____ (insert name of civil taxing
15 unit) hereby declares that on _____ (insert date) at
16 _____ (insert the time of day) a public hearing will be held
17 at _____ (insert location) concerning the following
18 ~~resolution to propose an ordinance (or proposed ordinance that is~~
19 ~~before the members of the county income tax council fiscal body.~~
20 Members of the public are cordially invited to attend the hearing for the
21 purpose of expressing their views.

22 (Insert a copy of the proposed ordinance or resolution to propose an
23 ordinance.)".

24 SECTION 24. IC 6-3.5-6-8 IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8. (a) The county
26 ~~income tax council fiscal body~~ of any county in which the county
27 ~~adjusted gross income tax will not be in effect on July 1 of a year under~~
28 ~~an ordinance adopted during a previous calendar year~~ may impose the
29 county option income tax on the adjusted gross income of county
30 taxpayers of its county effective July 1 of that same year **to distribute**
31 **revenue among the civil taxing units in the county and other**
32 **entities as permitted under this chapter.**

33 (b) The county option income tax may ~~initially~~ be imposed at a rate
34 ~~of two-tenths of one percent (0.2%)~~ on the resident county taxpayers of
35 the county and at a rate of five hundredths of one percent (0.05%) for
36 **in any increment of one hundredth percent (0.01%). If a county**
37 **option income tax is imposed on the resident county taxpayers, a**
38 **county option income tax must be imposed on** all other county
39 taxpayers.

40 (c) To impose the county option income tax, a county ~~income tax~~
41 ~~council fiscal body~~ must, after January 1 but before April 1 of the year,
42 pass an ordinance. The ordinance must substantially state the

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1 following:

2 "The _____ County ~~Income Tax Council~~ **fiscal body**
3 imposes the county option income tax on the county taxpayers of
4 _____ County. The county option income tax is
5 imposed at a rate of ~~two-tenths of one~~ ____ percent (~~0.2%~~)
6 (~~____%~~) on the resident county taxpayers of the county and at a
7 rate of ~~five hundredths of one~~ _____ percent (~~0.05%~~) (~~____%~~)
8 on all other county taxpayers. This tax takes effect July 1 of this
9 year."

10 (d) If the county option income tax is imposed on the county
11 taxpayers of a county, then the county option income tax rate that is in
12 effect for resident county taxpayers of that county increases by
13 one-tenth of one percent (~~0.1%~~) on each succeeding July 1 until the
14 rate equals six-tenths of one percent (~~0.6%~~).

15 (e) (d) The county option income tax rate in effect for the county
16 taxpayers of a county who are not resident county taxpayers of that
17 county is at all times one-fourth (1/4) of the tax rate imposed upon
18 resident county taxpayers, **rounded to the nearest one hundredth**
19 **percent (0.01%)**.

20 (f) (e) The auditor of a county shall record all votes taken on
21 ordinances presented for a vote under this section and immediately
22 send a certified copy of the results to the department by certified mail.

23 SECTION 25. IC 6-3.5-6-9 IS AMENDED TO READ AS
24 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. (a) If on
25 January 1 of a calendar year the county option income tax rate in effect
26 for resident county taxpayers equals six tenths of one percent (~~0.6%~~);
27 then The county ~~income tax council~~ **fiscal body** of that a county may
28 after January 1 and before April 1 of that year pass an ordinance to
29 increase its tax rate for resident county taxpayers ~~If a county income tax~~
30 ~~council passes an ordinance under this section;~~ its county option
31 income tax rate for resident county taxpayers increases by one tenth of
32 one percent (~~0.1%~~) each succeeding July 1 until its rate reaches a
33 maximum of one percent (~~1%~~); **to distribute revenue among the civil**
34 **taxing units in the county and other entities as permitted under this**
35 **chapter.**

36 (b) The auditor of the county shall record any vote taken on an
37 ordinance proposed under the authority of this section and immediately
38 send a certified copy of the results to the department by certified mail.

39 SECTION 26. IC 6-3.5-6-12 IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 12. (a) The county
41 option income tax imposed by a county ~~income tax council~~ **fiscal body**
42 under this chapter remains in effect until **increased, decreased, or**

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rescinded.

(b) Subject to subsection (c), the county ~~income tax council fiscal~~ **body** of a county may rescind the county option income tax by passing an ordinance to rescind the tax after January 1 but before April 1 of a year. **An ordinance adopted under this subsection takes effect July 1 of the year in which the ordinance is adopted.**

(c) A county ~~income tax council fiscal~~ **body** may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 27. IC 6-3.5-6-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 12.5. (a) The county ~~income tax council fiscal~~ **body** may adopt an ordinance to decrease the county option income tax rate in effect.

(b) To decrease the county option income tax rate, the county ~~income tax council fiscal~~ **body** must adopt an ordinance after January 1 but before April 1 of a year. The ordinance must substantially state the following:

"The _____ County ~~Income Tax Council~~ **fiscal body** decreases the county option income tax rate from _____ percent (___ %) to _____ percent (___ %). This ordinance takes effect July 1 of this year."

(c) A county ~~income tax council fiscal~~ **body** may not decrease the county option income tax if the county or any commission, board, department, or authority that is authorized by statute to pledge the county option income tax has pledged the county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) An ordinance adopted under this subsection takes effect July 1 of the year in which the ordinance is adopted.

(e) The county auditor shall record the votes taken on an ordinance under this subsection and shall send a certified copy of the ordinance to the department by certified mail not more than thirty (30) days after the ordinance is adopted.

(f) ~~Notwithstanding IC 6-3.5-7, a county income tax council that~~

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1 decreases the county option income tax in a year may not in the same
2 year adopt or increase the county economic development income tax
3 under IC 6-3.5-7.

4 SECTION 28. IC 6-3.5-6-17.7 IS ADDED TO THE INDIANA
5 CODE AS A NEW SECTION TO READ AS FOLLOWS
6 [EFFECTIVE JANUARY 1, 2008]: **Sec. 17.7. (a) The county fiscal**
7 **body may provide in an ordinance for the distribution and use of**
8 **any part of a county option income tax rate under sections 18**
9 **through 19 of this chapter. If the county fiscal body adopts an**
10 **ordinance that establishes a tax rate under this chapter but does**
11 **not designate the manner in which the revenue from the tax rate is**
12 **to be distributed, the revenue shall be distributed in conformity**
13 **with sections 18 through 19 of this chapter.**

14 (b) A county that had a county option income tax in effect on
15 September 1, 2007, shall be treated as having elected to distribute
16 tax revenue in conformity with sections 18 and 18.5 of this chapter.
17 The tax rate that is subject to this subsection is equal to the county
18 option income tax rate in effect on September 1, 2007, excluding
19 the part of the tax rate that was attributable to a designated
20 additional county option income tax rate.

21 (c) A county fiscal body may not reduce the amount distributed
22 under sections 18 through 19 of this chapter if the county or any
23 commission, board, department, or authority that is authorized by
24 statute to pledge the county option income tax has pledged the
25 distribution for any purpose permitted by IC 5-1-14 or any other
26 statute.

27 SECTION 29. IC 6-3.5-6-18, AS AMENDED BY P.L.162-2006,
28 SECTION 31, AND AS AMENDED BY P.L.184-2006, SECTION 6,
29 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
30 [EFFECTIVE JANUARY 1, 2008]: **Sec. 18. (a) For purposes of this**
31 **section, after 2010, "civil taxing unit" does not include a**
32 **metropolitan city.**

33 (b) The county fiscal body may provide in an ordinance for the
34 distribution and use of any part of the revenue derived from a
35 county option income tax rate imposed in the county under this
36 section (if the county does not have a consolidated city) or section
37 18.5 of this chapter (if the county has a consolidated city). If the
38 county fiscal body adopts an ordinance that establishes a tax rate
39 under this chapter but does not designate the manner in which the
40 revenue from the tax rate is to be distributed, the revenue shall be
41 distributed in conformity with this section (if the county does not
42 have a consolidated city) or section 18.5 of this chapter (if the

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1 county has a consolidated city).

2 (c) A county that made a distribution to a civil taxing unit under
3 this section or section 18.5 of this chapter in 2007, shall be treated
4 as having adopted an ordinance under subsection (b) to continue
5 distributions under this section or section 18.5 of this chapter after
6 December 31, 2007.

7 (d) A county fiscal body may increase, decrease, or rescind the
8 amount of county option income tax distributed under this section
9 or section 18.5 of this chapter. However, the county fiscal body
10 may not reduce the amount distributed under this section or
11 section 18.5 of this chapter if the county or any commission, board,
12 department, or authority that is authorized by statute to pledge the
13 county option income tax has pledged the distribution for any
14 purpose permitted by IC 5-1-14 or any other statute.

15 (e) The distribution under this section in 2010 and 2011 is
16 proportionally reduced by the amount of the certified distribution
17 attributable to the reduction of the county option income tax
18 associated with the establishment of a municipal option tax rate in
19 the county, as determined by the department of local government
20 finance.

21 (f) The revenue a county auditor receives part of a certified
22 distribution under this chapter that is subject to this section and
23 sections 18.5 through 19 of this chapter shall be used to:

- 24 (1) replace the amount, if any, of property tax revenue lost due to
25 the allowance of an increased homestead credit within the county;
26 (2) fund the operation of a public communications system and
27 computer facilities district as provided in an election, if any, made
28 by the county fiscal body under IC 36-8-15-19(b);
29 (3) fund the operation of a public transportation corporation
30 as provided in an election, if any, made by the county fiscal body
31 under IC 36-9-4-42;
32 (4) make payments permitted under IC 36-7-15.1-17.5;
33 (5) make payments permitted under subsection (i); and
34 (6) make distributions of distributive shares to the civil taxing
35 units of a county. and
36 (7) make the distributions permitted under *section sections 27, 28,*
37 *and 29* of this chapter.

38 (b) The county auditor shall retain from the payments of the county's
39 certified distribution, an amount equal to the revenue lost, if any, due
40 to the increase of the homestead credit within the county. This money
41 shall be distributed to the civil taxing units and school corporations of
42 the county as though they were property tax collections and in such a

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1 manner that no civil taxing unit or school corporation shall suffer a net
2 revenue loss due to the allowance of an increased homestead credit.

3 ~~(e)~~ (g) The county auditor shall retain

4 ~~(f)~~ the amount, if any, specified by the county fiscal body for a
5 particular calendar year under:

6 (1) subsection ~~(f)~~; (n);

7 (2) IC 36-7-15.1-17.5;

8 (3) IC 36-8-15-19(b); and

9 (4) IC 36-9-4-42;

10 from the county's certified distribution for that same calendar year. ~~and~~

11 ~~(2) the amount of an additional tax rate imposed under section 27,~~
12 ~~28, or 29 of this chapter.~~

13 The county auditor shall distribute amounts retained under this
14 subsection to the county.

15 ~~(d)~~ (h) All certified distribution revenues that are not retained and
16 distributed under ~~subsections subsection (b) and (c)~~, (g) shall be
17 distributed to the civil taxing units of the county as distributive shares.

18 ~~(e)~~ (i) **Except as provided in subsection (k), subsection (l), and**
19 **section 18.5 of this chapter**, the amount of distributive shares that
20 each civil taxing unit in a county is entitled to receive **under**
21 **subsection (h)** during a month equals the product of the following:

22 (1) The amount of revenue that is to be distributed as distributive
23 shares during that month; multiplied by

24 (2) A fraction. The numerator of the fraction equals the allocation
25 amount for the civil taxing unit for the calendar year in which the
26 month falls. The denominator of the fraction equals the sum of the
27 allocation amounts of all the civil taxing units of the county for
28 the calendar year in which the month falls.

29 ~~(f)~~ (j) The department of local government finance shall provide
30 each county auditor with the fractional amount of distributive shares
31 that each civil taxing unit in the auditor's county is entitled to receive
32 monthly under this section.

33 ~~(g)~~ (k) **Notwithstanding subsection (c)**; If a civil taxing unit of an
34 adopting county does not impose a property tax levy that is first due
35 and payable in a calendar year in which distributive shares are being
36 distributed under this section, that civil taxing unit is entitled to receive
37 a part of the revenue to be distributed as distributive shares under this
38 section within the county. The fractional amount such a civil taxing
39 unit is entitled to receive each month during that calendar year equals
40 the product of the following:

41 (1) The amount to be distributed as distributive shares during that
42 month; multiplied by

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1 (2) A fraction. The numerator of the fraction equals the budget of
2 that civil taxing unit for that calendar year. The denominator of
3 the fraction equals the aggregate budgets of all civil taxing units
4 of that county for that calendar year.

5 **(l) Only:**

6 **(1) fifty percent (50%) of a metropolitan city's property taxes**
7 **shall be used to compute the metropolitan city's share of a**
8 **distribution under this section in 2010; and**

9 **(2) twenty-five percent (25%) of a metropolitan city's**
10 **property taxes shall be used to compute the metropolitan**
11 **city's share of a distribution under this section in 2011.**

12 ~~(j)~~ **(m)** If for a calendar year:

13 **(1)** a civil taxing unit is allocated a part of a county's distributive
14 shares by subsection ~~(g)~~; **then (k)**, the formula used in subsection
15 ~~(e)~~ **(i)** to determine all other civil taxing units' distributive shares
16 shall be changed each month for that same year by reducing the
17 amount to be distributed as distributive shares under subsection
18 ~~(e)~~ **(i)** by the amount of distributive shares allocated under
19 subsection ~~(g)~~ **(k)** for that same month; ~~The department of local~~
20 ~~government finance shall make any adjustments required by this~~
21 ~~subsection and provide them to the appropriate county auditors.~~
22 **or**

23 **(2) a metropolitan city's allocation of the county's distributive**
24 **shares is reduced by subsection (l), the formula used in**
25 **subsection (i) to determine all other civil taxing units'**
26 **distributive shares shall be changed each month for that same**
27 **year by increasing the amount to be distributed as distributive**
28 **shares under subsection (i) by the amount of the reduction in**
29 **distributive shares under subsection (l) for that same month.**

30 ~~(i)~~ **(n)** Notwithstanding any other law, a county fiscal body may
31 pledge revenues received under this chapter to the payment of bonds
32 or lease rentals to finance a qualified economic development tax
33 project under IC 36-7-27 in that county or in any other county if the
34 county fiscal body determines that the project will promote significant
35 opportunities for the gainful employment or retention of employment
36 of the county's residents.

37 **(o) The department of local government finance shall make any**
38 **adjustments required by this section and provide them to the**
39 **appropriate county auditors.**

40 SECTION 30. IC 6-3.5-6-18.5, AS AMENDED BY P.L.234-2005,
41 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
42 JANUARY 1, 2008]: Sec. 18.5. (a) This section applies to a county

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1 containing a consolidated city. **For purposes of this section, after**
 2 **2010, "civil taxing unit" does not include a metropolitan city.**

3 (b) Notwithstanding section 18(e) of this chapter **but subject to**
 4 **section 18(k) of this chapter and subsection (c)**, the distributive
 5 shares that each civil taxing unit in a county containing a consolidated
 6 city is entitled to receive during a month equals the following:

7 (1) For the calendar year beginning January 1, 1995, calculate the
 8 total amount of revenues that are to be distributed as distributive
 9 shares during that month multiplied by the following factor:

10	Center Township	.0251
11	Decatur Township	.00217
12	Franklin Township	.0023
13	Lawrence Township	.01177
14	Perry Township	.01130
15	Pike Township	.01865
16	Warren Township	.01359
17	Washington Township	.01346
18	Wayne Township	.01307
19	Lawrence-City	.00858
20	Beech Grove	.00845
21	Southport	.00025
22	Speedway	.00722
23	Indianapolis/Marion County	.86409

24 (2) Notwithstanding subdivision (1), for the calendar year
 25 beginning January 1, 1995, the distributive shares for each civil
 26 taxing unit in a county containing a consolidated city shall be not
 27 less than the following:

28	Center Township	\$1,898,145
29	Decatur Township	\$164,103
30	Franklin Township	\$173,934
31	Lawrence Township	\$890,086
32	Perry Township	\$854,544
33	Pike Township	\$1,410,375
34	Warren Township	\$1,027,721
35	Washington Township	\$1,017,890
36	Wayne Township	\$988,397
37	Lawrence-City	\$648,848
38	Beech Grove	\$639,017
39	Southport	\$18,906
40	Speedway	\$546,000

41 (3) For each year after 1995, calculate the total amount of
 42 revenues that are to be distributed as distributive shares during

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that month as follows:

STEP ONE: Determine the total amount of revenues that were distributed as distributive shares during that month in calendar year 1995.

STEP TWO: Determine the total amount of revenue that the department has certified as distributive shares for that month under section 17 of this chapter for the calendar year.

STEP THREE: Subtract the STEP ONE result from the STEP TWO result.

STEP FOUR: If the STEP THREE result is less than or equal to zero (0), multiply the STEP TWO result by the ratio established under subdivision (1).

STEP FIVE: Determine the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5, IC 12-19-7, and IC 12-19-7.5 for each civil taxing unit for the calendar year in which the month falls, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5, IC 12-19-7, and IC 12-19-7.5 for all civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the ratio established under subdivision (1).

STEP SEVEN: For each taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the ratio established under subdivision (1). The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

(A) the maximum permissible property tax levy under

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1 IC 6-1.1-18.5, IC 12-19-7, and IC 12-19-7.5 for the
2 qualifying civil taxing unit during the calendar year in which
3 the month falls, plus, for a county, an amount equal to the
4 property taxes imposed by the county in 1999 for the
5 county's welfare fund and welfare administration fund;
6 divided by

7 (B) the sum of the maximum permissible property tax levies
8 under IC 6-1.1-18.5, IC 12-19-7, and IC 12-19-7.5 for all
9 qualifying civil taxing units of the county during the
10 calendar year in which the month falls, and an amount equal
11 to the property taxes imposed by the county in 1999 for the
12 county's welfare fund and welfare administration fund.

13 **(c) The distribution under this section in 2010 and 2011 is**
14 **proportionally reduced by the amount of the certified distribution**
15 **attributable to the reduction of the county option income tax**
16 **associated with the establishment of a municipal option tax rate in**
17 **the county, as determined by the department of local government**
18 **finance. Only:**

19 **(1) fifty percent (50%) of a metropolitan city's property taxes**
20 **shall be used to compute the metropolitan city's share of a**
21 **distribution under this section in 2010; and**

22 **(2) twenty-five percent (25%) of a metropolitan city's**
23 **property taxes shall be used to compute the metropolitan**
24 **city's share of a distribution under this section in 2011.**

25 **In 2010 and 2011, the distribution under this section to every civil**
26 **taxing unit other than a metropolitan city shall be changed for that**
27 **same year by increasing the amount distributed under this section**
28 **to the unit for that same calendar year.**

29 SECTION 31. IC 6-3.5-6-21 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 21. (a) ~~Using~~
31 ~~procedures provided under this chapter;~~ The county income tax council
32 **fiscal body** of any adopting county may pass an ordinance to enter into
33 reciprocity agreements with the taxing authority of any city, town,
34 municipality, county, or other similar local governmental entity of any
35 other state. The reciprocity agreements must provide that the income
36 of resident county taxpayers is exempt from income taxation by the
37 other local governmental entity to the extent income of the residents of
38 the other local governmental entity is exempt from the county option
39 income tax in the adopting county.

40 (b) A reciprocity agreement adopted under this section may not
41 become effective until it is also made effective in the other local
42 governmental entity that is a party to the agreement.

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1 (c) The form and effective date of any reciprocity agreement
2 described in this section must be approved by the department.

3 SECTION 32. IC 6-3.5-6-27, AS ADDED BY P.L.214-2005,
4 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JANUARY 1, 2008]: Sec. 27. (a) This section applies only to Miami
6 County. Miami County possesses unique economic development
7 challenges due to:

- 8 (1) underemployment in relation to similarly situated counties;
- 9 and
- 10 (2) the presence of a United States government military base or
- 11 other military installation that is completely or partially inactive
- 12 or closed.

13 Maintaining low property tax rates is essential to economic
14 development, and the use of county option income tax revenues as
15 provided in this chapter to pay any bonds issued or leases entered into
16 to finance the construction, acquisition, improvement, renovation, and
17 equipping described under subsection (c), rather than use of property
18 taxes, promotes that purpose.

19 (b) ~~In addition to the rates permitted by sections 8 and 9 of this~~
20 ~~chapter, the county council may impose the county option income tax~~
21 ~~at a rate of twenty-five hundredths percent (0.25%) on the adjusted~~
22 ~~gross income of resident county taxpayers if the county council makes~~
23 ~~the finding and determination set forth in subsection (c). Section 8(e)~~
24 ~~of this chapter applies to the application of the additional rate to~~
25 ~~nonresident taxpayers:~~

26 **(b) The Miami County fiscal body may provide in an ordinance**
27 **for the distribution and use of any part of a county option income**
28 **tax rate in conformity with this section. If Miami County imposed**
29 **a tax rate under this section that was in effect on September 1,**
30 **2007, the Miami County fiscal body shall be treated as having**
31 **elected to distribute tax revenue raised by the tax rate in effect on**
32 **September 1, 2007, in conformity with this section. The Miami**
33 **County fiscal body may not reduce the amount distributed under**
34 **this section if the county or any commission, board, department, or**
35 **authority that is authorized by statute to pledge the county option**
36 **income tax has pledged the distribution for any purpose permitted**
37 **by this section.**

38 (c) In order to ~~impose the distribute~~ county option income tax as
39 provided in this section, the county council must adopt an ordinance
40 finding and determining that revenues from the county option income
41 tax are needed to pay the costs of financing, constructing, acquiring,
42 renovating, and equipping a county jail, including the repayment of

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1 bonds issued, or leases entered into, for financing, constructing,
2 acquiring, renovating, and equipping a county jail.

3 (d) ~~If the county council makes a determination under subsection~~
4 ~~(c); the county council may adopt a tax rate under subsection (b):~~
5 **Subject to the limitations in subsection (b) and this subsection, the**
6 **county fiscal body may amend an ordinance adopted under this**
7 **section to increase, decrease, or rescind the tax rate distributed**
8 **under this section.** The tax rate **distributed under this section** may
9 not be imposed at a rate or for a time greater than is necessary to pay
10 the costs of financing, constructing, acquiring, renovating, and
11 equipping a county jail.

12 (e) The county treasurer shall establish a county jail revenue fund
13 to be used only for the purposes described in this section. County
14 option income tax revenues derived from the tax rate imposed under
15 this section shall be deposited in the county jail revenue fund. ~~before~~
16 ~~making a certified distribution under section 18 of this chapter:~~

17 (f) County option income tax revenues ~~derived from the tax rate~~
18 ~~imposed distributed~~ under this section:

- 19 (1) may only be used for the purposes described in this section;
- 20 (2) may not be considered by the department of local government
- 21 finance in determining the county's maximum permissible
- 22 property tax levy limit under IC 6-1.1-18.5; and
- 23 (3) may be pledged to the repayment of bonds issued, or leases
- 24 entered into, for the purposes described in subsection (c).

25 (g) ~~The department, after reviewing the recommendation of the~~
26 ~~budget agency, shall adjust the certified distribution of a county to~~
27 ~~provide for an increased distribution of taxes in the immediately~~
28 ~~following calendar year after the county adopts an increased tax rate~~
29 ~~under this section and in each calendar year thereafter. The department~~
30 ~~shall provide for a full transition to certification of distributions as~~
31 ~~provided in section 17(a)(1) through 17(a)(2) of this chapter in the~~
32 ~~manner provided in section 17(c) of this chapter:~~

33 SECTION 33. IC 6-3.5-6-28, AS ADDED BY P.L.214-2005,
34 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JANUARY 1, 2008]: Sec. 28. (a) This section applies only to Howard
36 County.

37 (b) Maintaining low property tax rates is essential to economic
38 development, and the use of county option income tax revenues as
39 provided in this chapter and as needed in the county to fund the
40 operation and maintenance of a jail and juvenile detention center,
41 rather than the use of property taxes, promotes that purpose.

42 (c) ~~In addition to the rates permitted by sections 8 and 9 of this~~

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1 chapter, the county fiscal body may impose the county option income
 2 tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted
 3 gross income of resident county taxpayers if the county fiscal body
 4 makes the finding and determination set forth in subsection (d). Section
 5 8(e) of this chapter applies to the application of the additional rate to
 6 nonresident taxpayers.

7 (c) The Howard County fiscal body may provide in an
 8 ordinance for the distribution and use of any part of a county
 9 option income tax rate in conformity with this section. If Howard
 10 County imposed a tax rate under this section that was in effect on
 11 September 1, 2007, the Howard County fiscal body shall be treated
 12 as having elected to distribute tax revenue raised by the tax rate in
 13 effect on September 1, 2007, in conformity with this section. The
 14 Howard County fiscal body may not reduce the amount distributed
 15 under this section if the county or any commission, board,
 16 department, or authority that is authorized by statute to pledge the
 17 county option income tax has pledged the distribution for any
 18 purpose permitted by this section.

19 (d) In order to impose the distribute county option income tax as
 20 provided in this section, the county fiscal body must adopt an
 21 ordinance:

- 22 (1) finding and determining that revenues from the county option
 23 income tax are needed in the county to fund the operation and
 24 maintenance of a jail, a juvenile detention center, or both; and
 25 (2) agreeing to freeze the part of any property tax levy imposed in
 26 the county for the operation of the jail or juvenile detention
 27 center, or both, covered by the ordinance at the rate imposed in
 28 the year preceding the year in which a full year of additional
 29 county option income tax is certified for distribution to the county
 30 under this section for the term in which an ordinance is in effect
 31 under this section.

32 (e) If the county fiscal body makes a determination under subsection
 33 (d), the county fiscal body may adopt a tax rate under subsection (c).
 34 Subject to the limitations in subsection (c), the county fiscal body may
 35 amend an ordinance adopted under this section to increase, decrease,
 36 or rescind the additional tax rate imposed distributed under this
 37 section. As soon as practicable after the adoption of an ordinance under
 38 this section, the county fiscal body shall send a certified copy of the
 39 ordinance to the county auditor, the department of local government
 40 finance, and the department of state revenue. An ordinance adopted
 41 under this section before April 1 in a year applies to the imposition of
 42 county income taxes after June 30 in that year. An ordinance adopted

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1 under this section after March 31 of a year initially applies to the
 2 imposition of county option income taxes after June 30 of the
 3 immediately following year.

4 (f) The county treasurer shall establish a county jail revenue fund to
 5 be used only for the purposes described in this section. County option
 6 income tax revenues derived from the tax rate imposed under this
 7 section shall be deposited in the county jail revenue fund. ~~before~~
 8 ~~making a certified distribution under section 18 of this chapter.~~

9 (g) County option income tax revenues derived from the tax rate
 10 imposed ~~distributed~~ under this section:

11 (1) may only be used for the purposes described in this section;
 12 and

13 (2) may not be considered by the department of local government
 14 finance in determining the county's maximum permissible
 15 property tax levy limit under IC 6-1.1-18.5.

16 (h) The department of local government finance shall enforce an
 17 agreement under subsection (d)(2).

18 (i) ~~The department, after reviewing the recommendation of the~~
 19 ~~budget agency, shall adjust the certified distribution of a county to~~
 20 ~~provide for an increased distribution of taxes in the immediately~~
 21 ~~following calendar year after the county adopts an increased tax rate~~
 22 ~~under this section and in each calendar year thereafter. The department~~
 23 ~~shall provide for a full transition to certification of distributions as~~
 24 ~~provided in section 17(a)(1) through 17(a)(2) of this chapter in the~~
 25 ~~manner provided in section 17(c) of this chapter.~~

26 SECTION 34. IC 6-3.5-6-29, AS ADDED BY P.L.162-2006,
 27 SECTION 32, AND AS ADDED BY P.L.184-2006, SECTION 7, IS
 28 CORRECTED AND AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE JANUARY 1, 2008]: Sec. 29. (a) This section applies
 30 only to Scott County. Scott County is a county in which:

31 (1) maintaining low property tax rates is essential to economic
 32 development; and

33 (2) the use of additional county option income tax revenues as
 34 provided in this section, rather than the use of property taxes, to
 35 fund:

36 (A) the financing, construction, acquisition, improvement,
 37 renovation, equipping, operation, or maintenance of jail
 38 facilities; and

39 (B) the repayment of bonds issued or leases entered into for
 40 the purposes described in clause (A), except operation or
 41 maintenance;

42 promotes the purpose of maintaining low property tax rates.

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1 (b) The county fiscal body may impose the county option income tax
 2 on the adjusted gross income of resident county taxpayers at a rate, in
 3 addition to the rates permitted by sections 8 and 9 of this chapter, not
 4 to exceed twenty-five hundredths percent (0.25%). Section 8(e) of this
 5 chapter applies to the application of the additional rate to nonresident
 6 taxpayers.

7 (b) **The Scott County fiscal body may provide in an ordinance**
 8 **for the distribution and use of any part of a county option income**
 9 **tax rate in conformity with this section. If Scott County imposed a**
 10 **tax rate under this section that was in effect on September 1, 2007,**
 11 **the Scott County fiscal body shall be treated as having elected to**
 12 **distribute tax revenue raised by the tax rate in effect on September**
 13 **1, 2007, in conformity with this section. The Scott County fiscal**
 14 **body may not reduce the amount distributed under this section if**
 15 **the county or any commission, board, department, or authority**
 16 **that is authorized by statute to pledge the county option income tax**
 17 **has pledged the distribution for any purpose permitted by this**
 18 **section.**

19 (c) To impose the **distribute** county option income tax as provided
 20 in this section, the county fiscal body must adopt an ordinance finding
 21 and determining that additional revenues from the county option
 22 income tax are needed in the county to fund:

23 (1) the financing, construction, acquisition, improvement,
 24 renovation, equipping, operation, or maintenance of jail facilities;
 25 and

26 (2) the repayment of bonds issued or leases entered into for the
 27 purposes described in subdivision (1), except operation or
 28 maintenance.

29 (d) ~~If the county fiscal body makes a determination under subsection~~
 30 ~~(c); the county fiscal body may adopt an additional tax rate under~~
 31 ~~subsection (b).~~ Subject to the limitations in subsection (b), the county
 32 fiscal body may amend an ordinance adopted under this section to
 33 increase, decrease, or rescind the ~~additional~~ tax rate ~~imposed~~
 34 **distributed** under this section. As soon as practicable after the
 35 adoption of an ordinance under this section, the county fiscal body
 36 shall send a certified copy of the ordinance to the county auditor, the
 37 department of local government finance, and the department. ~~An~~
 38 ~~ordinance adopted under this section before June 1, 2006, or April 1 in~~
 39 ~~a subsequent year applies to the imposition of county income taxes~~
 40 ~~after June 30 in that year. An ordinance adopted under this section after~~
 41 ~~May 31, 2006, and or March 31 of a subsequent year initially applies~~
 42 ~~to the imposition of county option income taxes after June 30 of the~~

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1 immediately following year.

2 (e) If the county ~~imposes~~ **distributes an additional** a tax rate under
3 this section, the county treasurer shall establish a county jail revenue
4 fund to be used only for the purposes described in this section. County
5 option income tax revenues derived from the tax rate imposed under
6 this section shall be deposited in the county jail revenue fund. ~~before~~
7 ~~making a certified distribution under section 18 of this chapter.~~

8 (f) County option income tax revenues ~~derived from an additional~~
9 **tax rate imposed distributed** under this section:

- 10 (1) may be used only for the purposes described in this section;
11 (2) may not be considered by the department of local government
12 finance in determining the county's maximum permissible
13 property tax levy limit under IC 6-1.1-18.5; and
14 (3) may be pledged for the repayment of bonds issued or leases
15 entered into to fund the purposes described in subsection (c)(1),
16 except operation or maintenance.

17 (g) If the county imposes an additional tax rate under this section;
18 the department, after reviewing the recommendation of the budget
19 agency, shall adjust the certified distribution of the county to provide
20 for an increased distribution of taxes in the immediately following
21 calendar year after the county adopts the increased tax rate and in each
22 calendar year thereafter. The department shall provide for a full
23 transition to certification of distributions as provided in section
24 17(a)(1) through 17(a)(2) of this chapter in the manner provided in
25 section 17(c) of this chapter.

26 SECTION 35. IC 6-3.5-6-30 IS ADDED TO THE INDIANA CODE
27 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
28 JANUARY 1, 2008]: **Sec. 30. (a) This section applies only to Jasper**
29 **County.**

30 (b) The county council may, by ordinance, determine that
31 additional county option income tax revenue is needed in the
32 county to:

- 33 (1) finance, construct, acquire, improve, renovate, or equip:
34 (A) jail facilities;
35 (B) juvenile court, detention, and probation facilities;
36 (C) other criminal justice facilities; and
37 (D) related buildings and parking facilities;
38 located in the county, including costs related to the demolition
39 of existing buildings and the acquisition of land; and
40 (2) repay bonds issued or leases entered into for the purposes
41 described in subdivision (1).

42 (c) If the county fiscal body makes the findings under this

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1 section, the Jasper County fiscal body may provide in an ordinance
 2 for the distribution and use of any part of a county option income
 3 tax rate in conformity with this section. An ordinance adopted
 4 under IC 6-3.5-1.1-2.3 (repealed) that is in effect on September 1,
 5 2007, shall be treated as an ordinance adopted under this section.
 6 The part of a tax rate in effect on September 1, 2007, that was
 7 imposed for distribution under IC 6-3.5-1.1-2.3 (repealed) in 2008
 8 continues after December 31, 2007, as a county option income tax
 9 rate for purposes of this section. The certified distribution in 2008
 10 allocated for purposes of this section shall be calculated in the same
 11 manner as if the allocation were being made under IC 6-3.5-1.1-2.3
 12 (repealed). Any amount collected after December 31, 2007, from
 13 the tax rate imposed under IC 6-3.5-1.1-2.3 (repealed) shall be
 14 deposited in Jasper County's special account under section 16 of
 15 this chapter for distribution under this section. The Jasper County
 16 fiscal body may increase, decrease, or rescind a distribution under
 17 this section by ordinance. However, the Jasper County fiscal body
 18 may not reduce the amount distributed under this section if the
 19 county or any commission, board, department, or authority that is
 20 authorized by statute to pledge the county option income tax has
 21 pledged the distribution for any purpose permitted by this section.

22 (d) If the county council distributes tax under this section to pay
 23 for the purposes described in both subsections (b) and (c), when:

24 (1) the financing, construction, acquisition, improvement,
 25 renovation, and equipping described in subsection (b) are
 26 completed; and

27 (2) all bonds issued or leases entered into to finance the
 28 construction, acquisition, improvement, renovation, and
 29 equipping described in subsection (b) are fully paid;

30 the county council shall adopt an ordinance providing that the
 31 revenue distributed under this section does not exceed the costs of
 32 operating and maintaining the jail facilities described in subsection
 33 (b)(1)(A). The amount distributed under this section may not be
 34 greater than is necessary to carry out the purposes described in
 35 subsections (b) and (c), as applicable.

36 (e) The term of the bonds issued (including any refunding
 37 bonds) or a lease entered into under subsection (b)(2) may not
 38 exceed twenty (20) years.

39 (f) The county treasurer shall establish a criminal justice
 40 facilities revenue fund to be used only for purposes described in
 41 this section. Tax revenues distributed under this section shall be
 42 deposited in the criminal justice facilities revenue fund.

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(g) Tax revenues distributed under this section:

- (1) may be used only for the purposes described in this section;**
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and**
- (3) may be pledged to the repayment of bonds issued or leases entered into for any or all the purposes described in subsection (b).**

(h) Notwithstanding any other law, money remaining in the criminal justice facilities revenue fund established under subsection (f) after the distribution under this section is terminated shall be transferred to the county highway fund to be used for construction, resurfacing, restoration, and rehabilitation of county highways, roads, and bridges.

SECTION 36. IC 6-3.5-6-31 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 31. (a) This section applies only to Jackson County.**

(b) The Jackson County fiscal body may, by ordinance, determine that county option income tax revenue is needed in the county to fund the operation and maintenance of a jail and juvenile detention center opened after July 1, 1998.

(c) If the county fiscal body makes the findings described in this section, the Jackson County fiscal body may provide in an ordinance for the distribution and use of any part of a county option income tax rate in conformity with this section. An ordinance adopted under IC 6-3.5-1.1-2.5 (repealed) that is in effect on September 1, 2007, shall be treated as an ordinance adopted under this section. The part of a tax rate in effect on September 1, 2007, that was imposed for distribution under IC 6-3.5-1.1-2.5 (repealed) in 2008 continues after December 31, 2007, as a county option income tax rate for purposes of this section. The certified distribution in 2008 allocated for purposes of this section shall be calculated in the same manner as if the allocation were being made under IC 6-3.5-1.1-2.5 (repealed). Any amount in Jackson County's county adjusted gross income tax special account established under IC 6-3.5-1.1-8 on January 1, 2008, that is attributable to the tax rate imposed under IC 6-3.5-1.1-2.5 (repealed) shall be transferred to Jackson County's special account under section 16 of this chapter for distribution under this section. Any amount collected after December 31, 2007,

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1 from the tax rate imposed under IC 6-3.5-1.1-2.5 (repealed) shall
 2 be deposited in Jackson County's special account under section 16
 3 of this chapter for distribution under this section. The Jackson
 4 County fiscal body may increase, decrease, or rescind a
 5 distribution under this section by ordinance. However, the Jackson
 6 County fiscal body may not reduce the amount distributed under
 7 this section if the county or any commission, board, department, or
 8 authority that is authorized by statute to pledge the county option
 9 income tax has pledged the distribution for any purpose permitted
 10 by this section.

11 (d) If Jackson County distributes county option income tax
 12 under this section, the distribution:

- 13 (1) shall be paid to the county treasurer;
- 14 (2) may be used only to pay the costs of operating a jail and
 15 juvenile detention center opened after July 1, 1998; and
- 16 (3) may not be considered by the department of local
 17 government finance in determining the county's maximum
 18 permissible property tax levy limit under IC 6-1.1-18.5.

19 SECTION 37. IC 6-3.5-6-32 IS ADDED TO THE INDIANA CODE
 20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 21 JANUARY 1, 2008]: **Sec. 32. (a) This section applies only to Wayne
 22 County.**

23 (b) The Wayne County fiscal body may, by ordinance,
 24 determine that additional county option income tax revenue is
 25 needed in the county to:

- 26 (1) finance, construct, acquire, improve, renovate, or equip
 27 the county jail and related buildings and parking facilities,
 28 including costs related to the demolition of existing buildings
 29 and the acquisition of land; and
- 30 (2) repay bonds issued, or leases entered into, for
 31 constructing, acquiring, improving, renovating, and equipping
 32 the county jail and related buildings and parking facilities,
 33 including costs related to the demolition of existing buildings
 34 and the acquisition of land.

35 (c) If the county fiscal body makes the findings under this
 36 section, the Wayne County fiscal body may provide in an
 37 ordinance for the distribution and use of any part of a county
 38 option income tax rate in conformity with this section. An
 39 ordinance adopted under IC 6-3.5-1.1-2.7 (repealed) that is in
 40 effect on September 1, 2007, shall be treated as an ordinance
 41 adopted under this section. The part of a tax rate in effect on
 42 September 1, 2007, that was imposed for distribution under

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1 IC 6-3.5-1.1-2.7 (repealed) in 2008 continues after December 31,
 2 2007, as a county option income tax rate for purposes of this
 3 section. The certified distribution in 2008 allocated for purposes of
 4 this section shall be calculated in the same manner as if the
 5 allocation were being made under IC 6-3.5-1.1-2.7 (repealed). Any
 6 amount in Wayne County's county adjusted gross income tax
 7 special account established under IC 6-3.5-1.1-8 on January 1,
 8 2008, that is attributable to the tax rate imposed under
 9 IC 6-3.5-1.1-2.7 (repealed) shall be transferred to Wayne County's
 10 special account under section 16 of this chapter for distribution
 11 under this section. Any amount collected after December 31, 2007,
 12 from the tax rate imposed under IC 6-3.5-1.1-2.7 (repealed) shall
 13 be deposited in Wayne County's special account under section 16
 14 of this chapter for distribution under this section. The Wayne
 15 County fiscal body may increase, decrease, or rescind a
 16 distribution under this section by ordinance. However, the Wayne
 17 County fiscal body may not reduce the amount distributed under
 18 this section if the county or any commission, board, department, or
 19 authority that is authorized by statute to pledge the county option
 20 income tax has pledged the distribution for any purpose permitted
 21 by this section. The distribution under this section may be imposed
 22 only until the later of the date on which the financing on the
 23 acquisition, improvement, renovation, and equipping described in
 24 subsection (b) is completed or the date on which the last of any
 25 bonds issued or leases entered into to finance the construction,
 26 acquisition, improvement, renovation, and equipping described in
 27 subsection (b) are fully paid. The term of the bonds issued
 28 (including any refunding bonds) or a lease entered into under
 29 subsection (b)(2) may not exceed twenty (20) years.

30 (d) The distribution under this section may not be larger than
 31 is necessary to pay the costs of financing, acquiring, improving,
 32 renovating, and equipping the county jail and related buildings and
 33 parking facilities, including costs related to the demolition of
 34 existing buildings and the acquisition of land.

35 (e) The county treasurer shall establish a county jail revenue
 36 fund to be used only for purposes described in this section.
 37 Distributions under this section shall be deposited in the county jail
 38 revenue fund.

39 (f) Distributions under this section:
 40 (1) may only be used for purposes described in this section;
 41 (2) may not be considered by the department of local
 42 government finance in determining the county's maximum

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1 permissible property tax levy limit under IC 6-1.1-18.5; and
2 (3) may be pledged to the repayment of bonds issued, or leases
3 entered into, for purposes described in subsection (b).
4 (g) The county described in subsection (a) possesses unique
5 economic development challenges due to underemployment in
6 relation to similarly situated counties. Maintaining low property
7 tax rates is essential to economic development and the use of
8 county adjusted gross income tax revenues as provided in this
9 chapter to pay any bonds issued or leases entered into to finance
10 the construction, acquisition, improvement, renovation, and
11 equipping described under subsection (b), rather than use of
12 property taxes, promotes that purpose.
13 (h) Notwithstanding any other law, funds accumulated from
14 distributions under this section after:
15 (1) the redemption of bonds issued; or
16 (2) the final payment of lease rentals due under a lease
17 entered into under this section;
18 shall be transferred to the county highway fund to be used for
19 construction, resurfacing, restoration, and rehabilitation of county
20 highways, roads, and bridges.
21 SECTION 38. IC 6-3.5-6-33 IS ADDED TO THE INDIANA CODE
22 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
23 JANUARY 1, 2008]: Sec. 33. (a) This section applies only to:
24 (1) Elkhart County; and
25 (2) Marshall County.
26 (b) The county fiscal body of a county described in subsection
27 (a) may, by ordinance, determine that additional county option
28 income tax revenue is needed in the county to:
29 (1) finance, construct, acquire, improve, renovate, or equip:
30 (A) jail facilities;
31 (B) juvenile court, detention, and probation facilities;
32 (C) other criminal justice facilities; and
33 (D) related buildings and parking facilities;
34 located in the county, including costs related to the demolition
35 of existing buildings and the acquisition of land; and
36 (2) repay bonds issued or leases entered into for purposes
37 described in subdivision (1).
38 (c) The county fiscal body of a county described in subsection (a)
39 may, by ordinance, determine that additional county adjusted
40 gross income tax revenue is needed in the county to operate or
41 maintain:
42 (1) jail facilities;

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1 (2) juvenile court, detention, and probation facilities;
 2 (3) other criminal justice facilities; and
 3 (4) related buildings and parking facilities;
 4 located in the county. The county fiscal body may make a
 5 determination under both this subsection and subsection (b).

6 (d) If the county fiscal body of a county described in subsection
 7 (a) makes the findings under this section, the county fiscal body
 8 may provide in an ordinance for the distribution and use of any
 9 part of a county option income tax rate in conformity with this
 10 section. An ordinance adopted under IC 6-3.5-1.1-2.8 (repealed)
 11 that is in effect on September 1, 2007, shall be treated as an
 12 ordinance adopted under this section. The part of a tax rate in
 13 effect on September 1, 2007, that was imposed for distribution
 14 under IC 6-3.5-1.1-2.8 (repealed) in 2008 continues after December
 15 31, 2007, as a county option income tax rate for purposes of this
 16 section. The certified distribution in 2008 allocated for purposes of
 17 this section shall be calculated in the same manner as if the
 18 allocation were being made under IC 6-3.5-1.1-2.8 (repealed). Any
 19 amount in the county's county adjusted gross income tax special
 20 account established under IC 6-3.5-1.1-8 on January 1, 2008, that
 21 is attributable to the tax rate imposed under IC 6-3.5-1.1-2.8
 22 (repealed) shall be transferred to county's special account under
 23 section 16 of this chapter for distribution under this section. Any
 24 amount collected after December 31, 2007, from the tax rate
 25 imposed under IC 6-3.5-1.1-2.8 (repealed) shall be deposited in the
 26 county's special account under section 16 of this chapter for
 27 distribution under this section. The county fiscal body may
 28 increase, decrease, or rescind a distribution under this section by
 29 ordinance. However, the county fiscal body may not reduce the
 30 amount distributed under this section if the county or any
 31 commission, board, department, or authority that is authorized by
 32 statute to pledge the county option income tax has pledged the
 33 distribution for any purpose permitted by this section. The
 34 distribution under this section may not be greater than is necessary
 35 to carry out the purposes described in subsections (b) and (c), as
 36 applicable.

37 (e) This subsection applies only to Elkhart County. If the county
 38 fiscal body provides for a distribution under this section to pay for
 39 the purposes described in both subsections (b) and (c), when:

40 (1) the financing, construction, acquisition, improvement,
 41 renovation, and equipping described in subsection (b) are
 42 completed; and

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1 (2) all bonds issued (including any refunding bonds) or leases
 2 entered into to finance the construction, acquisition,
 3 improvement, renovation, and equipping described in
 4 subsection (b) are fully paid;
 5 the county fiscal body shall by ordinance provide for a distribution
 6 under this section that does not exceed the costs of operating and
 7 maintaining the jail facilities referred to in subsection (b)(1)(A).
 8 (f) Except as provided in subsection (e), the distribution under
 9 this section may be imposed only until the last of the following
 10 dates:
 11 (1) The date on which the financing, construction, acquisition,
 12 improvement, renovation, and equipping described in
 13 subsection (b) are completed.
 14 (2) The date on which the last of any bonds issued (including
 15 any refunding bonds) or leases entered into to finance the
 16 construction, acquisition, improvement, renovation, and
 17 equipping described in subsection (b) are fully paid.
 18 (3) If the county imposing the tax under this section is Elkhart
 19 County, the date on which an ordinance adopted under
 20 subsection (c) is rescinded.
 21 (g) The term of the bonds issued (including any refunding
 22 bonds) or a lease entered into under subsection (b)(2) may not
 23 exceed twenty (20) years.
 24 (h) The county treasurer shall establish a criminal justice
 25 facilities revenue fund to be used only for purposes described in
 26 this section. County option income taxes distributed under this
 27 section shall be deposited in the criminal justice facilities revenue
 28 fund.
 29 (i) Distributions under this section:
 30 (1) may be used only for purposes described in this section;
 31 (2) may not be considered by the department of local
 32 government finance in determining the county's maximum
 33 permissible property tax levy limit under IC 6-1.1-18.5; and
 34 (3) may be pledged to the repayment of bonds issued or leases
 35 entered into for any or all purposes described in subsection
 36 (b).
 37 (j) Notwithstanding any other law, money remaining in the
 38 criminal justice facilities revenue fund established under
 39 subsection (h) after the distribution under this section is
 40 terminated under subsection (f) shall be transferred to the county
 41 highway fund to be used for construction, resurfacing, restoration,
 42 and rehabilitation of county highways, roads, and bridges.

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1 SECTION 39. IC 6-3.5-6-34 IS ADDED TO THE INDIANA CODE
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2008]: **Sec. 34. (a) This section applies only to Daviess
4 County.**

5 **(b) The Daviess County fiscal body may, by ordinance,**
6 **determine that additional county option income tax revenue is**
7 **needed in the county to:**

8 **(1) finance, construct, acquire, improve, renovate, remodel, or**
9 **equip the county jail and related buildings and parking**
10 **facilities, including costs related to the demolition of existing**
11 **buildings, the acquisition of land, and any other reasonably**
12 **related costs; and**

13 **(2) repay bonds issued or leases entered into for constructing,**
14 **acquiring, improving, renovating, remodeling, and equipping**
15 **the county jail and related buildings and parking facilities,**
16 **including costs related to the demolition of existing buildings,**
17 **the acquisition of land, and any other reasonably related**
18 **costs.**

19 **(c) If the county fiscal body makes the findings under this**
20 **section, the county fiscal body may provide in an ordinance for the**
21 **distribution and use of any part of a county option income tax rate**
22 **in conformity with this section. An ordinance adopted under**
23 **IC 6-3.5-1.1-2.9 (repealed) that is in effect on September 1, 2007,**
24 **shall be treated as an ordinance adopted under this section. The**
25 **part of a tax rate in effect on September 1, 2007, that was imposed**
26 **for distribution under IC 6-3.5-1.1-2.9 (repealed) in 2008 continues**
27 **after December 31, 2007, as a county option income tax rate for**
28 **purposes of this section. The certified distribution in 2008 allocated**
29 **for purposes of this section shall be calculated in the same manner**
30 **as if the allocation were being made under IC 6-3.5-1.1-2.9**
31 **(repealed). Any amount in the county's county adjusted gross**
32 **income tax special account established under IC 6-3.5-1.1-8 on**
33 **January 1, 2008, that is attributable to the tax rate imposed under**
34 **IC 6-3.5-1.1-2.9 (repealed) shall be transferred to county's special**
35 **account under section 16 of this chapter for distribution under this**
36 **section. Any amount collected after December 31, 2007, from the**
37 **tax rate imposed under IC 6-3.5-1.1-2.9 (repealed) shall be**
38 **deposited in the county's special account under section 16 of this**
39 **chapter for distribution under this section. The county fiscal body**
40 **may increase, decrease, or rescind a distribution under this section**
41 **by ordinance. However, the county fiscal body may not reduce the**
42 **amount distributed under this section if the county or any**

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1 commission, board, department, or authority that is authorized by
 2 statute to pledge the county option income tax has pledged the
 3 distribution for any purpose permitted by this section. The
 4 distribution under this section may be made only until the later of
 5 the date on which the financing on acquisition, improvement,
 6 renovation, remodeling, and equipping described in subsection (b)
 7 are completed or the date on which the last of any bonds issued or
 8 leases entered into to finance the construction, acquisition,
 9 improvement, renovation, remodeling, and equipping described in
 10 subsection (b) are fully paid. The term of the bonds issued
 11 (including any refunding bonds) or a lease entered into under
 12 subsection (b)(2) may not exceed twenty-five (25) years.

13 (d) The distribution under this section may not be greater than
 14 the amount necessary to pay the costs of financing, acquiring,
 15 improving, renovating, remodeling, and equipping the county jail
 16 and related buildings and parking facilities, including costs related
 17 to the demolition of existing buildings, the acquisition of land, and
 18 any other reasonably related costs.

19 (e) The county treasurer shall establish a county jail revenue
 20 fund to be used only for purposes described in this section.
 21 Distributions under this section shall be deposited in the county jail
 22 revenue fund.

23 (f) Distributions:

- 24 (1) may be used only for purposes described in this section;
 25 (2) may not be considered by the department of local
 26 government finance in determining the county's maximum
 27 permissible property tax levy limit under IC 6-1.1-18.5; and
 28 (3) may be pledged to the repayment of bonds issued or leases
 29 entered into for purposes described in subsection (b).

30 (g) Daviess County possesses unique governmental and
 31 economic development challenges due to:

- 32 (1) underemployment in relation to similarly situated counties
 33 and the loss of a major manufacturing business;
 34 (2) an increase in property taxes for taxable years after
 35 December 31, 2000, for the construction of a new elementary
 36 school; and
 37 (3) overcrowding of the county jail, the costs associated with
 38 housing the county's inmates outside the county, and the
 39 potential unavailability of additional housing for inmates
 40 outside the county.

41 The use of distributions under this section is necessary for the
 42 county to provide adequate jail capacity in the county and to

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1 maintain low property tax rates essential to economic development.
2 The use of distributions under this section to pay any bonds issued
3 or leases entered into to finance the construction, acquisition,
4 improvement, renovation, remodeling, and equipping described in
5 subsection (b), rather than the use of property taxes, promotes
6 those purposes.

7 (h) Notwithstanding any other law, funds accumulated from
8 distributions under this section after:

- 9 (1) the redemption of bonds issued; or
- 10 (2) the final payment of lease rentals due under a lease
- 11 entered into under this section;

12 shall be transferred to the county highway fund to be used for
13 construction, resurfacing, restoration, and rehabilitation of county
14 highways, roads, and bridges.

15 SECTION 40. IC 6-3.5-6-35 IS ADDED TO THE INDIANA CODE
16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
17 JANUARY 1, 2008]: Sec. 35. (a) This section applies only to a
18 county that:

19 (1) operates a county jail that is subject to an order that:

- 20 (A) was issued by a federal district court before January 1,
- 21 2003; and
- 22 (B) has not been terminated;

23 (2) operates a county jail that fails to meet:

- 24 (A) American Correctional Association Jail Construction
- 25 Standards; and
- 26 (B) Indiana jail operation standards adopted by the
- 27 department of correction; and

28 (3) has insufficient revenue to finance the construction,
29 acquisition, improvement, renovation, and equipping of a
30 county jail and related buildings and parking facilities.

31 (b) For purposes of this section, "county jail" includes any other
32 penal facility that is:

- 33 (1) located in; and
- 34 (2) operated by;

35 the county.

36 (c) The county council may, by ordinance, determine that
37 additional county option income tax revenue is needed in the
38 county to:

- 39 (1) finance, construct, acquire, improve, renovate, or equip a
- 40 county jail and related buildings and parking facilities,
- 41 including costs related to the demolition of existing buildings
- 42 and the acquisition of land; and

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1 (2) repay bonds issued or leases entered into for constructing,
2 acquiring, improving, renovating, and equipping the county
3 jail, related buildings, and parking facilities, including costs
4 related to the demolition of existing buildings and the
5 acquisition of land.

6 (d) If the county fiscal body makes the findings under this
7 section, the county fiscal body may provide an ordinance for the
8 distribution and use of any part of a county option income tax rate
9 in conformity with this section. An ordinance adopted under
10 IC 6-3.5-1.1-3.3 (repealed) that is in effect on September 1, 2007,
11 shall be treated as an ordinance adopted under this section. The
12 part of a tax rate in effect on September 1, 2007, that was imposed
13 for distribution under IC 6-3.5-1.1-3.3 (repealed) in 2008 continues
14 after December 31, 2007, as a county option income tax rate for
15 purposes of this section. The certified distribution in 2008 allocated
16 for purposes of this section shall be calculated in the same manner
17 as if the allocation was being made under IC 6-3.5-1.1-3.3
18 (repealed). Any amount in the county's county adjusted gross
19 income tax special account established under IC 6-3.5-1.1-8 on
20 January 1, 2008, that is attributable to the tax rate imposed under
21 IC 6-3.5-1.1-3.3 (repealed) shall be transferred to the county's
22 special account under section 16 of this chapter for distribution
23 under this section. Any amount collected after December 31, 2007,
24 from the tax rate imposed under IC 6-3.5-1.1-3.3 (repealed) shall
25 be deposited in the county's special account under section 16 of this
26 chapter for distribution under this section. The county fiscal body
27 may increase, decrease, or rescind a distribution under this section
28 by ordinance. However, the county fiscal body may not reduce the
29 amount distributed under this section if the county or any
30 commission, board, department, or authority that is authorized by
31 statute to pledge the county option income tax has pledged the
32 distribution for any purpose permitted by this section. The
33 distribution under this section may be imposed only until the later
34 of the date on which the financing on acquisition, improvement,
35 renovation, and equipping described in subsection (c) is completed
36 or the date on which the last of any bonds issued or leases entered
37 into to finance the construction, acquisition, improvement,
38 renovation, and equipping described in subsection (c) are fully
39 paid. The term of the bonds issued (including any refunding bonds)
40 or a lease entered into under subsection (c)(2) may not exceed
41 thirty (30) years.

42 (e) The distribution under this section may not be greater than

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1 is necessary to pay the costs of financing, acquiring, improving,
2 renovating, and equipping the county jail, related buildings, and
3 parking facilities, including costs related to the demolition of
4 existing buildings and the acquisition of land.

5 (f) The county treasurer shall establish a county jail revenue
6 fund to be used only for purposes described in this section.
7 Distributions under this section shall be deposited in the county jail
8 revenue fund.

9 (g) Distributions under this section:
10 (1) may be used only for purposes described in this section;
11 (2) may not be considered by the department of local
12 government finance in determining the county's maximum
13 permissible property tax levy limit under IC 6-1.1-18.5; and
14 (3) may be pledged to the repayment of bonds issued or leases
15 entered into for purposes described in subsection (c).

16 (h) A county described in subsection (a) possesses unique
17 economic development challenges due to underemployment in
18 relation to similarly situated counties. Maintaining low property
19 tax rates is essential to economic development. The use of
20 distributions under this section, rather than use of property taxes,
21 to pay any bonds issued or leases entered into to finance the
22 construction, acquisition, improvement, renovation, and equipping
23 described in subsection (c) promotes that purpose.

24 (i) Notwithstanding any other law, funds accumulated from
25 distributions under this section after:
26 (1) the redemption of bonds issued; or
27 (2) the final payment of lease rentals due under a lease
28 entered into under this section;

29 shall be transferred to the county general fund.

30 SECTION 41. IC 6-3.5-6-36 IS ADDED TO THE INDIANA CODE
31 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
32 JANUARY 1, 2008]: Sec. 36. (a) This section applies only to Pulaski
33 County.

34 (b) The county fiscal body may, by ordinance, determine that
35 additional county option income tax revenue is needed in the
36 county to fund the operation and maintenance of a jail and justice
37 center.

38 (c) If the county fiscal body makes the findings under this
39 section, the county fiscal body may provide an ordinance for the
40 distribution and use of any part of a county option income tax rate
41 in conformity with this section. An ordinance adopted under
42 IC 6-3.5-1.1-3.5 (repealed) that is in effect on September 1, 2007,

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1 shall be treated as an ordinance adopted under this section. The
 2 part of a tax rate in effect on September 1, 2007, that was imposed
 3 for distribution under IC 6-3.5-1.1-3.5 (repealed) in 2008, continues
 4 after December 31, 2007, as a county option income tax rate for
 5 purposes of this section. The certified distribution in 2008 allocated
 6 for purposes of this section shall be calculated in the same manner
 7 as if the allocation was being made under IC 6-3.5-1.1-3.5
 8 (repealed). Any amount in the county's county adjusted gross
 9 income tax special account established under IC 6-3.5-1.1-8 on
 10 January 1, 2008, that is attributable to the tax rate imposed under
 11 IC 6-3.5-1.1-3.5 (repealed) shall be transferred to the county's
 12 special account under section 16 of this chapter for distribution
 13 under this section. Any amount collected after December 31, 2007,
 14 from the tax rate imposed under IC 6-3.5-1.1-3.5 (repealed) shall
 15 be deposited in the county's special account under section 16 of this
 16 chapter for distribution under this section. The county fiscal body
 17 may increase, decrease, or rescind a distribution under this section
 18 by ordinance. However, the county fiscal body may not reduce the
 19 amount distributed under this section if the county or any
 20 commission, board, department, or authority that is authorized by
 21 statute to pledge the county option income tax has pledged the
 22 distribution for any purpose permitted by this section.

23 (d) If a distribution is made under this section, the county fiscal
 24 body may provide by ordinance that part of the distribution:

- 25 (1) shall be paid to the county treasurer;
- 26 (2) may be used only to pay the costs of operating and
 27 maintaining a jail and justice center; and
- 28 (3) may not be considered by the department of local
 29 government finance under any provision of IC 6-1.1-18.5,
 30 including the determination of the county's maximum
 31 permissible property tax levy.

32 SECTION 42. IC 6-3.5-6-37 IS ADDED TO THE INDIANA CODE
 33 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 34 JANUARY 1, 2008]: Sec. 37. (a) This section applies only to Union
 35 County.

36 (b) The county council may, by ordinance, determine that
 37 additional county option income tax revenue is needed in the
 38 county to:

- 39 (1) finance, construct, acquire, improve, renovate, or equip
 40 the county courthouse; and
- 41 (2) repay bonds issued, or leases entered into, for
 42 constructing, acquiring, improving, renovating, and equipping

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the county courthouse.

(c) If the county fiscal body makes the findings under this section, the county fiscal body may provide an ordinance for the distribution and use of any part of a county option income tax rate in conformity with this section. An ordinance adopted under IC 6-3.5-1.1-3.6 (repealed) that is in effect on September 1, 2007, shall be treated as an ordinance adopted under this section. The part of a tax rate in effect on September 1, 2007, that was imposed for distribution under IC 6-3.5-1.1-3.6 (repealed) in 2008, continues after December 31, 2007, as a county option income tax rate for purposes of this section. The certified distribution in 2008 allocated for purposes of this section shall be calculated in the same manner as if the allocation was being made under IC 6-3.5-1.1-3.6 (repealed). Any amount in the county's county adjusted gross income tax special account established under IC 6-3.5-1.1-8 on January 1, 2008, that is attributable to the tax rate imposed under IC 6-3.5-1.1-3.6 (repealed) shall be transferred to the county's special account under section 16 of this chapter for distribution under this section. Any amount collected after December 31, 2007, from the tax rate imposed under IC 6-3.5-1.1-3.6 (repealed) shall be deposited in the county's special account under section 16 of this chapter for distribution under this section. The county fiscal body may increase, decrease, or rescind a distribution under this section by ordinance. However, the county fiscal body may not reduce the amount distributed under this section if the county or any commission, board, department, or authority that is authorized by statute to pledge the county option income tax has pledged the distribution for any purpose permitted by this section. The distribution under this section may be imposed only until the later of the date on which the financing, acquisition, improvement, renovation, and equipping described in subsection (b) is completed or the date on which the last of any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (b) are fully paid. The term of the bonds issued (including any refunding bonds) or a lease entered into under subsection (b)(2) may not exceed twenty-two (22) years.

(d) The distribution under this section may not be made for a time greater than is necessary to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse.

(e) The county treasurer shall establish a county courthouse

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1 revenue fund to be used only for purposes described in this section.
 2 Distributions under this section shall be deposited in the county
 3 courthouse revenue fund.

4 (f) Distributions under this section:

- 5 (1) may be used only for purposes described in this section;
 6 (2) may not be considered by the department of local
 7 government finance in determining the county's maximum
 8 permissible property tax levy under IC 6-1.1-18.5; and
 9 (3) may be pledged to the repayment of bonds issued or leases
 10 entered into for purposes described in subsection (b).

11 (g) Union County possesses unique economic development
 12 challenges due to:

- 13 (1) the county's heavy agricultural base;
 14 (2) the presence of a large amount of state owned property in
 15 the county that is exempt from property taxation; and
 16 (3) recent obligations of the school corporation in the county
 17 that have already increased property taxes in the county and
 18 imposed additional property tax burdens on the county's
 19 agricultural base.

20 Maintaining low property tax rates is essential to economic
 21 development. The use of distributions under this section to pay any
 22 bonds issued or leases entered into to finance the construction,
 23 acquisition, improvement, renovation, and equipping described in
 24 subsection (b), rather than the use of property taxes, promotes that
 25 purpose.

26 (h) Notwithstanding any other law, funds accumulated from
 27 distributions under this section after:

- 28 (1) the redemption of the bonds issued; or
 29 (2) the final payment of lease rentals due under a lease
 30 entered into under this section;

31 shall be transferred to the county highway fund to be used for
 32 construction, resurfacing, restoration, and rehabilitation of county
 33 highways, roads, and bridges.

34 SECTION 43. IC 6-3.5-6-38 IS ADDED TO THE INDIANA CODE
 35 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 36 JANUARY 1, 2008]: Sec. 38. (a) The following definitions apply
 37 throughout this section:

38 (1) "2007 certified shares tax rate" means:

- 39 (A) twenty-five hundredth percent (0.25%), if the county
 40 adjusted gross income tax rate, excluding any additional
 41 county adjusted gross income tax rates in effect in the
 42 county on September 1, 2007, was five tenths percent

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- 1 **(0.5%);**
- 2 **(B) five tenths percent (0.5%), if the county adjusted gross**
- 3 **income tax rate, excluding any additional county adjusted**
- 4 **gross income tax rates in effect in the county on September**
- 5 **1, 2007, was seventy-five hundredths percent (0.75%);**
- 6 **(C) seventy-five hundredths percent (0.75%), if the county**
- 7 **adjusted gross income tax rate, excluding any additional**
- 8 **county adjusted gross income tax rates in effect in the**
- 9 **county on September 1, 2007, was one percent (1%).**
- 10 **(2) "2007 certified shares tax rate not used for property tax**
- 11 **relief" means the 2007 certified shares tax rate multiplied by**
- 12 **a fraction. The numerator of the fraction is the part of the**
- 13 **certified distribution to the county under IC 6-3.5-1.1 in 2007**
- 14 **that was distributed as certified shares and was not used by**
- 15 **the civil taxing units in the county for additional property tax**
- 16 **relief, as certified by the department of local government**
- 17 **finance. The denominator is the part of the certified**
- 18 **distribution to the county under IC 6-3.5-1.1 in 2007 that was**
- 19 **distributed as certified shares.**
- 20 **(3) "Attributed allocation amount" of a civil taxing unit for a**
- 21 **calendar year means the sum of:**
- 22 **(A) the allocation amount of the civil taxing unit for that**
- 23 **calendar year; plus**
- 24 **(B) the current ad valorem property tax levy of any special**
- 25 **taxing district, authority, board, or other entity formed to**
- 26 **discharge governmental services or functions on behalf of**
- 27 **or ordinarily attributable to the civil taxing unit.**
- 28 **(4) "Civil taxing unit" does not include a metropolitan city**
- 29 **after 2011.**
- 30 **(b) The county fiscal body may adopt an ordinance for the**
- 31 **distribution and use of part of a county option income tax rate in**
- 32 **conformity with this section. The part of a county adjusted gross**
- 33 **income tax rate in effect on September 1, 2007, that was imposed**
- 34 **before April 1, 2007, to provide a distribution of certified shares**
- 35 **under IC 6-3.5-1.1-15 (as effective September 1, 2007) continues**
- 36 **after December 31, 2007, as a county option income tax rate for**
- 37 **purposes of this section to the extent that the certified shares would**
- 38 **have been distributed under IC 6-3.5-1.1-15 (as effective**
- 39 **September 1, 2007) for a purpose other than the reduction of the**
- 40 **property tax levies subject to IC 6-1.1-18.5-3. Any amount in the**
- 41 **county's county adjusted gross income tax special account**
- 42 **established under IC 6-3.5-1.1-8 on January 1, 2008, that would**

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1 have been available to be distributed as certified shares under
 2 IC 6-3.5-1.1-15 (as effective January 1, 2007) and not being used
 3 for property tax relief shall be transferred to the county's special
 4 account under section 16 of this chapter for distribution under this
 5 section. Any amount collected after December 31, 2007, for
 6 certified shares under IC 6-3.5-1.1-15 that is not being used for
 7 property tax relief shall be deposited in the county's special
 8 account under section 16 of this chapter for distribution under this
 9 section. The county fiscal body may increase, decrease, or rescind
 10 a distribution under this section by ordinance. However, the county
 11 fiscal body may not reduce the amount distributed under this
 12 section if the county or any commission, board, department, or
 13 authority that is authorized by statute to pledge the county option
 14 income tax has pledged the distribution for any purpose permitted
 15 by this section.

16 (c) The distribution under this section in 2010 and 2011 is
 17 proportionally reduced by the amount of the certified distribution
 18 attributable to the reduction of the county option income tax
 19 associated with the establishment of a municipal option tax rate in
 20 the county, as determined by the department of local government
 21 finance. Only:

- 22 (1) fifty percent (50%) of a metropolitan city's property taxes
 23 shall be used to compute the metropolitan city's share of a
 24 distribution under this section in 2010; and
 25 (2) twenty-five percent (25%) of a metropolitan city's
 26 property taxes shall be used to compute the metropolitan
 27 city's share of a distribution under this section in 2011.

28 In 2010 and 2011, the distribution under this section to every civil
 29 taxing unit other than a metropolitan city shall be changed for that
 30 same year by increasing the amount distributed under this section
 31 to the unit for that same calendar year.

32 (d) The part of a county's certified distribution that is to be
 33 distributed under this section shall be allocated only among the
 34 county's civil taxing units. Each civil taxing unit of a county is
 35 entitled to receive an allocation during a calendar year in an
 36 amount determined in STEP TWO of the following formula:

37 STEP ONE: Divide:

- 38 (A) the attributed allocation amount of the civil taxing unit
 39 during that calendar year; by
 40 (B) the sum of the attributed allocation amounts of all the
 41 civil taxing units of the county during that calendar year.

42 STEP TWO: Multiply the part of the county's certified

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distribution that is to be distributed under this section by the STEP ONE amount.

(e) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive a distribution under this section during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (a)(3)(B), the special taxing district, authority, board, or other entity shall not be treated as having an attributed allocation amount of its own. The local government tax control board shall certify the attributed allocation amounts to the appropriate county auditor. The county auditor shall then allocate the distribution under this section among the civil taxing units of the auditor's county.

(f) A distribution received under this section by a civil taxing unit shall be treated as additional revenue for the purpose of fixing the unit's budget for the calendar year during which the distribution is received. The amount distributed under this section may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed allocation amount.

SECTION 44. IC 6-3.5-6-39 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 39. (a) This section applies only to Tippecanoe County.

(b) The county fiscal body may, by ordinance, determine that county option income tax money is needed in the county to fund substance removal and remedial action, including the repayment of bonds or other debt incurred for substance removal or remedial action, and the actions taken to fund substance removal and remedial action serve a public purpose by promoting public health, welfare, and safety.

(c) If the county fiscal body makes the findings under this section, the county fiscal body may provide in an ordinance for the distribution and use of any part of a county option income tax rate in conformity with this section. An ordinance adopted under IC 6-3.5-7-22 (repealed) that is in effect on September 1, 2007, shall be treated as an ordinance adopted under this section. The part of a tax rate in effect on September 1, 2007, that was imposed for distribution under IC 6-3.5-7-22 (repealed) in 2008, continues after December 31, 2007, as a county option income tax rate for

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1 purposes of this section. The certified distribution in 2008 allocated
 2 for purposes of this section shall be calculated in the same manner
 3 as if the allocation was being made under IC 6-3.5-7-22 (repealed).
 4 Any amount in the county's economic development income tax
 5 special account established under IC 6-3.5-7-10 on January 1, 2008,
 6 that is attributable to the tax rate imposed under IC 6-3.5-7-22
 7 (repealed) shall be transferred to the county's special account
 8 under section 16 of this chapter for distribution under this section.
 9 Any amount collected after December 31, 2007, from the tax rate
 10 imposed under IC 6-3.5-7-22 (repealed) shall be deposited in the
 11 county's special account under section 16 of this chapter for
 12 distribution under this section. The county fiscal body may
 13 increase, decrease, or rescind a distribution under this section by
 14 ordinance. However, the county fiscal body may not reduce the
 15 amount distributed under this section if the county or any
 16 commission, board, department, or authority that is authorized by
 17 statute to pledge the county option income tax has pledged the
 18 distribution for any purpose permitted by this section. The
 19 distribution under this section may not be made at a rate or for a
 20 time greater than is necessary to fund substance removal and
 21 remedial action in the county, including the repayment of bonds or
 22 other debt incurred for substance removal or remedial action.

23 (d) The county treasurer shall establish a substance removal
 24 and remedial action fund to be used only for purposes described in
 25 this section. Distributions under this section shall be deposited in
 26 the substance removal and remedial action fund.

27 (e) The county fiscal body may, by ordinance, appropriate or
 28 pledge any part of the substance removal and remediation action
 29 fund to a political subdivision or to an entity formed by an
 30 interlocal cooperation agreement under IC 36-1-7 for purposes set
 31 forth in this chapter in the county. Any pledge made by the county
 32 income tax council under IC 6-3.5-7-22 (repealed) shall be treated
 33 as a pledge by the county fiscal body under this subsection.

34 (f) The county auditor shall distribute the amount specified in
 35 the ordinance to the designated political subdivision or to an entity
 36 formed by an interlocal cooperation agreement under IC 36-1-7
 37 from the substance removal and remedial action fund.

38 (g) Bonds issued by a political subdivision or an entity formed
 39 by an interlocal cooperation agreement under IC 36-1-7 payable
 40 from the substance removal and remedial action fund do not
 41 constitute debt of a designated unit or a city or town in the
 42 designated unit, and the bonds shall contain a statement on their

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1 face to that effect and to the effect that the bonds are payable solely
 2 from money in the substance removal and remedial action fund,
 3 and other available funds, and are not supported by the full faith
 4 and credit of the county, city, or town.

5 SECTION 45. IC 6-3.5-6-40 IS ADDED TO THE INDIANA CODE
 6 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2008]: Sec. 40. (a) This section applies to Randolph
 8 County.

9 (b) If the county fiscal body makes the findings under this
 10 section, the county fiscal body may provide an ordinance for the
 11 distribution and use of any part of a county option income tax rate
 12 in conformity with this section. An ordinance adopted under
 13 IC 6-3.5-7-22.5 (repealed) that is in effect on September 1, 2007,
 14 shall be treated as an ordinance adopted under this section. The
 15 part of a tax rate in effect on September 1, 2007, that was imposed
 16 for distribution under IC 6-3.5-7-22.5 (repealed) in 2008, continues
 17 after December 31, 2007, as a county option income tax rate for
 18 purposes of this section. The certified distribution in 2008 allocated
 19 for purposes of this section shall be calculated in the same manner
 20 as if the allocation was being made under IC 6-3.5-7-22.5
 21 (repealed). Any amount in the county's economic development
 22 income tax special account established under IC 6-3.5-7-10 on
 23 January 1, 2008, that is attributable to the tax rate imposed under
 24 IC 6-3.5-7-22.5 (repealed) shall be transferred to the county's
 25 special account under section 16 of this chapter for distribution
 26 under this section. Any amount collected after December 31, 2007,
 27 from the tax rate imposed under IC 6-3.5-7-22.5 (repealed) shall be
 28 deposited in the county's special account under section 16 of this
 29 chapter for distribution under this section. The county fiscal body
 30 may increase, decrease, or rescind a distribution under this section
 31 by ordinance. However, the county fiscal body may not reduce the
 32 amount distributed under this section if the county or any
 33 commission, board, department, or authority that is authorized by
 34 statute to pledge the county option income tax has pledged the
 35 distribution for any purpose permitted by this section.

36 (c) In order to make the distribution under this section, the
 37 county fiscal body shall adopt an ordinance finding and
 38 determining that revenues from the county option income tax are
 39 needed to pay the costs of:

- 40 (1) financing, constructing, acquiring, renovating, and
 41 equipping the county courthouse, and financing and
 42 renovating the former county hospital for additional office

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space, educational facilities, nonsecure juvenile facilities, and other county functions, including the repayment of bonds issued, or leases entered into for constructing, acquiring, renovating, and equipping the county courthouse and for renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions;

(2) financing, constructing, acquiring, renovating, and equipping buildings for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county; and

(3) financing, constructing, acquiring, and renovating firefighting apparatus or other related equipment for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county.

(d) The distribution under this section may not be imposed at a rate or for a time greater than is necessary to pay for purposes described in this section.

(e) The county treasurer shall establish a county option tax revenue fund to be used only for purposes described in this section. The distribution under this section shall be deposited in the county option tax revenue fund.

(f) The distribution under this section:

- (1) may be used only for purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued, or leases entered into, for purposes described in subsection (c).

(g) The county described in subsection (a) possesses:

- (1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under IC 6-3.5-1.1-9 for a prior year; and
- (2) unique capital financing needs related to purposes described in subsection (c).

SECTION 46. IC 6-3.5-6-41 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 41. (a) This section applies to a county that:**

- (1) operates a courthouse that is subject to an order that:

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- 1 (A) is issued by a federal district court;
 2 (B) applies to an action commenced before January 1,
 3 2003; and
 4 (C) requires the county to comply with the federal
 5 Americans with Disabilities Act; and
 6 (2) has insufficient revenues to finance the construction,
 7 acquisition, improvement, renovation, equipping, and
 8 operation of the courthouse facilities and related facilities.
- 9 (b) A county described in this section possesses unique fiscal
 10 challenges in financing, renovating, equipping, and operating the
 11 county courthouse facilities and related facilities because the
 12 county consistently has one of the highest unemployment rates in
 13 Indiana. Maintaining low property tax rates is essential to
 14 economic development in the county. The use of economic
 15 development income tax revenues under this section for purposes
 16 described in subsection (c) promotes that purpose.
- 17 (c) If the county fiscal body makes the findings under this
 18 section, the county fiscal body may provide an ordinance for the
 19 distribution and use of any part of a county option income tax rate
 20 in conformity with this section. The ordinance must include a
 21 finding that revenues from additional taxes are needed to pay the
 22 costs of:
- 23 (1) constructing, acquiring, improving, renovating, equipping,
 24 or operating the county courthouse or related facilities;
 25 (2) repaying any bonds issued, or leases entered into, for
 26 constructing, acquiring, improving, renovating, equipping, or
 27 operating the county courthouse or related facilities; and
 28 (3) economic development projects described in the county's
 29 capital improvement plan.
- 30 (d) An ordinance adopted under IC 6-3.5-7-27 (repealed) that is
 31 in effect on September 1, 2007, shall be treated as an ordinance
 32 adopted under this section. The part of a tax rate in effect on
 33 September 1, 2007, that was imposed for distribution under
 34 IC 6-3.5-7-27 (repealed) in 2008, continues after December 31,
 35 2007, as a county option income tax rate for purposes of this
 36 section. The certified distribution in 2008 allocated for purposes of
 37 this section shall be calculated in the same manner as if the
 38 allocation was being made under IC 6-3.5-7-27 (repealed). Any
 39 amount in the county's economic development income tax special
 40 account established under IC 6-3.5-7-10 on January 1, 2008, that
 41 is attributable to the tax rate imposed under IC 6-3.5-7-27
 42 (repealed) shall be transferred to the county's special account

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1 under section 16 of this chapter for distribution under this section.
 2 Any amount collected after December 31, 2007, from the tax rate
 3 imposed under IC 6-3.5-7-27 (repealed) shall be deposited in the
 4 county's special account under section 16 of this chapter for
 5 distribution under this section. The county fiscal body may
 6 increase, decrease, or rescind a distribution under this section by
 7 ordinance. However, the county fiscal body may not reduce the
 8 amount distributed under this section if the county or any
 9 commission, board, department, or authority that is authorized by
 10 statute to pledge the county option income tax has pledged the
 11 distribution for any purpose permitted by this section.

12 (e) If the county council adopts an ordinance to make a
 13 distribution under this section, the county auditor shall
 14 immediately send a certified copy of the ordinance to the
 15 department by certified mail. The county treasurer shall establish
 16 a county facilities revenue fund to be used only for purposes
 17 described in subsection (c)(1) and (c)(2). The distributions under
 18 this section that are necessary to pay the costs described in
 19 subsection (c)(1) and (c)(2) shall be deposited into the county
 20 facilities revenue fund. The remainder shall be deposited into the
 21 economic development income tax funds of the county's units.

22 (f) A distribution under this section may not be used for
 23 purposes other than those described in this section.

24 (g) Distributions under this section that are deposited into the
 25 county facilities revenue fund may not be considered by the
 26 department of local government finance in determining the
 27 county's ad valorem property tax levy for an ensuing calendar year
 28 under IC 6-1.1-18.5.

29 (h) Notwithstanding any other law, funds accumulated from the
 30 distribution under this section and deposited into the county
 31 facilities revenue fund or any other revenues of the county may be
 32 deposited into a nonreverting fund of the county to be used for
 33 operating costs of the courthouse facilities, juvenile detention
 34 facilities, or related facilities. Amounts in the county nonreverting
 35 fund may not be used by the department of local government
 36 finance to reduce the county's ad valorem property tax levy for an
 37 ensuing calendar year under IC 6-1.1-18.5.

38 SECTION 47. IC 6-3.5-6-42 IS ADDED TO THE INDIANA CODE
 39 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 40 JANUARY 1, 2008]: **Sec. 42. (a)** The county fiscal body may
 41 provide an ordinance for the distribution and use after December
 42 31, 2008, of any part of a county option income tax rate under

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1 sections 43 through 49 of this chapter.

2 (b) An ordinance adopted under IC 6-3.5-7 (as effective
3 September 1, 2008) that is in effect on September 1, 2008, shall be
4 treated as an ordinance adopted under this section. The part of a
5 tax rate in effect on September 1, 2008, that was imposed for
6 distribution under IC 6-3.5-7-12 (as effective September 1, 2008)
7 in 2009, continues after December 31, 2008, as a county option
8 income tax rate for purposes of this section and sections 43 through
9 49 of this chapter. The certified distribution in 2009 allocated for
10 purposes of this section and sections 43 through 49 of this chapter
11 shall be calculated in the same manner as if the allocation was
12 being made under IC 6-3.5-7 (as effective September 1, 2008). Any
13 amount in the county's economic development income tax special
14 account established under IC 6-3.5-7-10 on January 1, 2009, that
15 is attributable to the tax rate imposed under IC 6-3.5-7 shall be
16 transferred to the county's special account under section 16 of this
17 chapter for distribution under this section. Any amount collected
18 after December 31, 2008, from the tax rate imposed under
19 IC 6-3.5-7 shall be deposited in the county's special account under
20 section 16 of this chapter for distribution under this section. The
21 county fiscal body may increase, decrease, or rescind a distribution
22 under this section by ordinance. However, the county fiscal body
23 may not reduce the amount distributed under this section and
24 sections 43 through 49 of this chapter if the county or any
25 commission, board, department, or authority that is authorized by
26 statute to pledge the county option income tax has pledged the
27 distribution for any purpose permitted by this section or sections
28 43 through 49 of this chapter.

29 SECTION 48. IC 6-3.5-6-43 IS ADDED TO THE INDIANA CODE
30 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
31 JANUARY 1, 2008]: Sec. 43. (a) This section applies after
32 December 31, 2008. The county auditor shall distribute in the
33 manner specified in this section the part of the certified
34 distribution to the county that is economic development shares.

35 (b) Except as provided in subsections (c), (h), and (i), the amount
36 of the economic development shares that the county and each city
37 or town in a county is entitled to receive each year equals the
38 product of the following:

- 39 (1) The amount of the economic development shares for each
40 month in which a distribution occurs; multiplied by
- 41 (2) A fraction. The numerator of the fraction equals the sum
42 of the following:

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1 **(A) Total property taxes that are first due and payable to**
2 **the county, city, or town during the calendar year in which**
3 **the month falls; plus**
4 **(B) For a county, an amount equal to the property taxes**
5 **imposed by the county in 1999 for the county's welfare**
6 **fund and welfare administration fund.**
7 **The denominator of the fraction equals the sum of the total**
8 **property taxes that are first due and payable to the county**
9 **and all cities and towns of the county during the calendar year**
10 **in which the month falls, plus an amount equal to the**
11 **property taxes imposed by the county in 1999 for the county's**
12 **welfare fund and welfare administration fund.**
13 **(c) This subsection applies to a county fiscal body or county**
14 **income tax council (acting before January 1, 2008) that imposed an**
15 **economic development tax after June 1, 1992, and before January**
16 **1, 2009. Subject to subsections (h) and (i), the county fiscal body**
17 **may adopt an ordinance before July 1 of a year to provide for the**
18 **distribution of economic development shares under this subsection**
19 **instead of a distribution under subsection (b). The following apply**
20 **if an ordinance is adopted under this subsection:**
21 **(1) The ordinance is effective January 1 of the following year.**
22 **(2) The amount of the economic development shares that the**
23 **county and each city and town in the county is entitled to**
24 **receive each year equals the product of:**
25 **(A) the amount of the economic development shares for the**
26 **month that a distribution occurs; multiplied by**
27 **(B) a fraction. For a city or town, the numerator of the**
28 **fraction equals the population of the city or the town. For**
29 **a county, the numerator of the fraction equals the**
30 **population of the part of the county that is not located in a**
31 **city or town. The denominator of the fraction equals the**
32 **sum of the population of all cities and towns located in the**
33 **county and the population of the part of the county that is**
34 **not located in a city or town.**
35 **(3) The ordinance may be made irrevocable for the duration**
36 **of specified lease rental or debt service payments.**
37 **An ordinance adopted under IC 6-3.5-7-12 before January 1, 2009,**
38 **providing for the distribution described in this subsection shall be**
39 **treated as an ordinance adopted under this section.**
40 **(d) The county fiscal body may not adopt an ordinance under**
41 **subsection (c) if, before the adoption of the proposed ordinance,**
42 **any of the following have pledged the county economic**

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1 development income tax for any purpose permitted by IC 5-1-14 or
2 any other statute:

3 (1) The county.

4 (2) A city or town in the county.

5 (3) A commission, a board, a department, or an authority that
6 is authorized by statute to pledge county economic
7 development income tax or economic development shares.

8 (e) The department of local government finance shall provide
9 each county auditor with the fractional amount of the economic
10 development shares that the county and each city or town in the
11 county is entitled to receive under this section.

12 (f) Money received by a county, city, or town under this section
13 shall be deposited in the unit's economic development income tax
14 fund.

15 (g) Except as provided in subsection (b)(2)(B), in determining
16 the fractional amount of the economic development shares the
17 county and its cities and towns are entitled to receive under
18 subsection (b) during a calendar year, the department of local
19 government finance shall consider only property taxes imposed on
20 tangible property subject to assessment in that county.

21 (h) Except as provided in IC 6-3.5-8-19.5, in a county having a
22 consolidated city, only the consolidated city is entitled to a
23 distribution of economic development shares.

24 (i) The distribution under this section in 2010 and 2011 is
25 proportionally reduced by the amount of the certified distribution
26 attributable to the reduction of the county option income tax
27 associated with the establishment of a municipal option tax rate in
28 the county, as determined by the department of local government
29 finance. Only:

30 (1) fifty percent (50%) of a metropolitan city's property taxes
31 or population shall be used to compute the metropolitan city's
32 share of a distribution under this section in 2010; and

33 (2) twenty-five percent (25%) of a metropolitan city's
34 property taxes or population shall be used to compute the
35 metropolitan city's share of a distribution under this section
36 in 2011.

37 In 2010 and 2011, the distribution under this section to every unit
38 other than a metropolitan city shall be changed for that same year
39 by increasing the amount distributed under this section to the unit
40 for that same calendar year.

41 (j) The department of local government finance shall make any
42 adjustments required by this section and provide them to the

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appropriate county auditors.

SECTION 49. IC 6-3.5-6-44 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: **Sec. 44. (a) This section applies after December 31, 2008. The fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. The economic development shares received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund.**

(b) Economic development shares may be used as follows:

(1) By a county, city, or town for economic development projects, for paying, notwithstanding any other law, under a written agreement all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project, for the retirement of bonds under section 45 of this chapter for economic development projects, for leases under section 47 of this chapter, or for leases or bonds entered into or issued prior to the date the economic development income tax or a tax rate under this chapter for economic development shares was imposed if the purpose of the lease or bonds would have qualified as a purpose under sections 42 through 49 of this chapter at the time the lease was entered into or the bonds were issued.

(2) By a county, city, or town for:

- (A) the construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8;**
- (B) the retirement of bonds issued under any provision of Indiana law for a capital project;**
- (C) the payment of lease rentals under any statute for a capital project;**
- (D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;**
- (E) operating expenses of a governmental entity that plans or implements economic development projects;**
- (F) funding substance removal or remedial action in a**

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designated unit, to the extent not otherwise allowed under this chapter; or

(G) funding of a revolving fund established under IC 5-1-14-14.

(3) By a county, city, or town for any lawful purpose for which money in any of its other funds may be used.

(4) By a city or county described in IC 36-7.5-2-3(b) for making transfers required by IC 36-7.5-4-2. If the county economic development income tax rate was increased after April 30, 2005, and before January 1, 2009, in Porter County, the first three million five hundred thousand dollars (\$3,500,000) of the economic development shares that results each year from the tax rate increase shall be used by the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars (\$3,500,000) of the economic development shares that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before economic development shares are made to the county or any cities or towns in the county under this chapter from the tax revenue that results each year from the tax rate increase.

(5) For a regional venture capital fund established under section 48 of this chapter or a local venture capital fund established under section 49 of this chapter.

(6) This subdivision applies only to LaPorte County if:
(A) the county fiscal body has adopted an ordinance under IC 36-7.5-2-3(e) providing that the county is joining the northwest Indiana regional development authority; and
(B) the fiscal body of the city described in IC 36-7.5-2-3(e) has adopted an ordinance under IC 36-7.5-2-3(e) providing that the city is joining the development authority.

Revenue from economic development shares may be used by a county or a city described in this subdivision for making transfers required by IC 36-7.5-4-2. In addition, if the county economic development income tax rate is increased after June 30, 2006, and before January 1, 2009, in the county, the first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be used by the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that

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1 results each year from the tax rate increase shall be paid by
 2 the county treasurer to the treasurer of the northwest Indiana
 3 regional development authority under IC 36-7.5-4-2 before
 4 certified distributions are made to the county or any cities or
 5 towns in the county under this chapter from the tax revenue
 6 that results each year from the tax rate increase.

7 (7) As provided in section 46 of this chapter.

8 (c) As used in this section, an economic development project is
 9 any project that:

10 (1) the county, city, or town determines will:

11 (A) promote significant opportunities for the gainful
 12 employment of its citizens;

13 (B) attract a major new business enterprise to the unit; or

14 (C) retain or expand a significant business enterprise
 15 within the unit; and

16 (2) involves an expenditure for:

17 (A) the acquisition of land;

18 (B) interests in land;

19 (C) site improvements;

20 (D) infrastructure improvements;

21 (E) buildings;

22 (F) structures;

23 (G) rehabilitation, renovation, and enlargement of
 24 buildings and structures;

25 (H) machinery;

26 (I) equipment;

27 (J) furnishings;

28 (K) facilities;

29 (L) administrative expenses associated with such a project,
 30 including contract payments authorized under subsection

31 (b)(2)(D);

32 (M) operating expenses authorized under subsection
 33 (b)(2)(E); or

34 (N) to the extent not otherwise allowed under this chapter,
 35 substance removal or remedial action in a designated unit;

36 or any combination of these.

37 (d) If there are bonds outstanding that have been issued under
 38 section 45 of this chapter or leases in effect under section 47 of this
 39 chapter, a county, city, or town may not expend money from its
 40 economic development income tax fund for a purpose authorized
 41 under subsection (b)(3) in a manner that would adversely affect
 42 owners of the outstanding bonds or payment of any lease rentals

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1 due.

2 SECTION 50. IC 6-3.5-6-45 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
4 JANUARY 1, 2008]: Sec. 45. (a) This section applies after
5 December 31, 2008.

6 (b) The fiscal body of a county, city, or town may issue bonds
7 payable from economic development shares. The bonds must be for
8 economic development projects (as defined in section 44 of this
9 chapter). Bonds issued under IC 6-3.5-7-14 before January 1, 2009,
10 shall be treated as bonds issued under this section. A pledge of
11 economic development taxes before January 1, 2009, for bonds
12 issued under IC 6-3.5-7-14 shall be treated as a pledge of economic
13 development shares.

14 (c) The fiscal body of a county, city, or town may issue bonds
15 payable from economic development shares for any capital project
16 for which the fiscal body is authorized to issue general obligation
17 bonds.

18 (d) If there are bonds outstanding that have been issued under
19 this section, or leases in effect under section 47 of this chapter, the
20 county council may not reduce the county option income tax rate
21 imposed to provide economic development shares below the
22 amount that would produce one and twenty-five hundredths (1.25)
23 times the total of the highest annual debt service on the bonds to
24 their final maturity, plus the highest annual lease payments, unless:

- 25 (1) the county council; or
26 (2) any city, town, or county;

27 pledges all or a portion of its economic development shares for the
28 life of the bonds or the term of the lease, in an amount that is
29 sufficient, when combined with the amount pledged by the city,
30 town, or county that issued the bonds, to produce one and
31 twenty-five hundredths (1.25) times the total of the highest annual
32 debt service plus the highest annual lease payments.

33 (e) For purposes of subsection (d), the determination of a tax
34 rate sufficient to produce one and twenty-five hundredths (1.25)
35 times the total of the highest annual debt service plus the highest
36 annual lease payments shall be based on an average of the
37 immediately preceding three (3) years' tax collections, if the tax has
38 been imposed for the last preceding three (3) years. If the tax has
39 not been imposed for the last preceding three (3) years, the county
40 council may not reduce the rate below a rate that would produce
41 one and twenty-five hundredths (1.25) times the total of the highest
42 annual debt service, plus the highest annual lease payments, based

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1 upon a study by a qualified public accountant or financial adviser.

2 (f) IC 6-1.1-20 does not apply to the issuance of bonds under this
3 section.

4 (g) Bonds issued under this section may be sold at a public sale
5 in accordance with IC 5-1-11 or may be sold at a negotiated sale.

6 (h) After a sale of bonds under this section, the county auditor
7 shall prepare a debt service schedule for the bonds.

8 (i) The general assembly covenants that it will not repeal or
9 amend this chapter in a manner that would adversely affect owners
10 of outstanding bonds issued, or payment of any lease rentals due,
11 under this section.

12 SECTION 51. IC 6-3.5-6-46 IS ADDED TO THE INDIANA CODE
13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
14 JANUARY 1, 2008]: Sec. 46. (a) This section applies after
15 December 31, 2008.

16 (b) The executive of a county, city, or town may:

17 (1) adopt a capital improvement plan specifying the uses of
18 the revenues to be received under this chapter; or

19 (2) designate the county or a city or town in the county as the
20 recipient of all or a part of its share of the distribution.

21 A capital improvement plan adopted under IC 6-3.5-7-15 before
22 January 1, 2009, shall be treated as a capital improvement plan
23 adopted under this section.

24 (c) If a designation is made under subsection (b)(2), the county
25 treasurer shall transfer the share or a part of the share subject to
26 sections 43 through 49 of this chapter to the designated unit unless
27 that unit does not have a capital improvement plan.

28 (d) A county, city, or town that fails to adopt a capital
29 improvement plan may not receive:

30 (1) its fractional amount of the certified distribution; or

31 (2) any amount designated under subsection (b)(2);

32 for the year or years in which the unit does not have a plan. The
33 county treasurer shall retain the certified distribution and any
34 designated distribution for such a unit in a separate account until
35 the unit adopts a plan. Interest on the separate account becomes
36 part of the account. If a unit fails to adopt a plan for a period of
37 three (3) years, then the balance in the separate account shall be
38 distributed to the other units in the county based on property taxes
39 first due and payable to the units during the calendar year in which
40 the three (3) year period expires.

41 (e) A capital improvement plan must include the following
42 components:

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- 1 **(1) Identification and general description of each project that**
- 2 **would be funded by the distribution under sections 43 through**
- 3 **49 of this chapter.**
- 4 **(2) The estimated total cost of the project.**
- 5 **(3) Identification of all sources of funds expected to be used**
- 6 **for each project.**
- 7 **(4) The planning, development, and construction schedule of**
- 8 **each project.**
- 9 **(f) A capital improvement plan:**
 - 10 **(1) must encompass a period of no less than two (2) years; and**
 - 11 **(2) must incorporate projects the cost of which is at least**
 - 12 **seventy-five percent (75%) of the fractional amount certified**
 - 13 **distribution expected to be received by the county, city, or**
 - 14 **town in that period from economic development shares.**
- 15 **(g) In making a designation under subsection (b)(2), the**
- 16 **executive must specify the purpose and duration of the designation.**
- 17 **If the designation is made to provide for the payment of lease**
- 18 **rentals or bond payments, the executive may specify that the**
- 19 **designation and its duration are irrevocable.**
- 20 SECTION 52. IC 6-3.5-6-47 IS ADDED TO THE INDIANA CODE
- 21 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
- 22 JANUARY 1, 2008]: Sec. 47. (a) This section applies after
- 23 December 31, 2008.
- 24 (b) A unit may enter into a lease with a leasing body (as defined
- 25 in IC 5-1-1-1) of any property that could be financed with the
- 26 proceeds of bonds issued under section 45 of this chapter with a
- 27 lessor for a term not to exceed fifty (50) years, and the lease may
- 28 provide for payments from economic development shares, any
- 29 other revenue available to the unit, or any combination of these
- 30 sources. A lease entered into under IC 6-3.5-7-21 before January
- 31 1, 2009, shall be treated as a lease entered into under this section.
- 32 (c) A lease may provide that payments by the unit to the lessor
- 33 are required only to the extent and only for the period that the
- 34 lessor is able to provide the leased facilities in accordance with the
- 35 lease. The terms of each lease must be based upon the value of the
- 36 facilities leased and may not create a debt of the unit for purposes
- 37 of the Constitution of the State of Indiana.
- 38 (d) A lease may be entered into by the executive of the unit only
- 39 after a public hearing at which all interested parties are provided
- 40 the opportunity to be heard. After the public hearing, the executive
- 41 may approve the execution of the lease on behalf of the unit if the
- 42 executive finds that the service to be provided throughout the term

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1 of the lease will serve the public purpose of the unit and is in the
2 best interests of its residents. Any lease approved by the executive
3 must also be approved by an ordinance of the fiscal body of the
4 unit.

5 (e) Upon execution of a lease providing for payments by the unit
6 in whole or in part from taxes under this chapter and upon
7 approval of the lease by the unit's fiscal body, the executive of the
8 unit shall publish notice of the execution of the lease and its
9 approval in accordance with IC 5-3-1.

10 (f) Except as provided in this section, no approvals of any
11 governmental body or agency are required before the unit enters
12 into a lease under this section.

13 (g) An action to contest the validity of the lease or to enjoin the
14 performance of any of its terms and conditions must be brought
15 within thirty (30) days after the publication of the notice of the
16 execution and approval of the lease.

17 (h) If a unit exercises an option to buy a leased facility from a
18 lessor, the unit may subsequently sell the leased facility, without
19 regard to any other statute, to the lessor at the end of the lease
20 term at a price set forth in the lease or at fair market value
21 established at the time of the sale by the executive of the unit
22 through auction, appraisal, or arms length negotiation. If the
23 facility is sold at auction, after appraisal, or through negotiation,
24 the unit shall conduct a hearing after public notice in accordance
25 with IC 5-3-1 before the sale. Any action to contest the sale must be
26 brought within fifteen (15) days of the hearing.

27 SECTION 53. IC 6-3.5-6-48 IS ADDED TO THE INDIANA CODE
28 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
29 JANUARY 1, 2008]: Sec. 48. (a) The general assembly finds that
30 counties and municipalities in Indiana have a need to foster
31 economic development, the development of new technology, and
32 industrial and commercial growth. The general assembly finds that
33 it is necessary and proper to provide an alternative method for
34 counties and municipalities to foster the following:

- 35 (1) Economic development.
- 36 (2) The development of new technology.
- 37 (3) Industrial and commercial growth.
- 38 (4) Employment opportunities.
- 39 (5) The diversification of industry and commerce.

40 The fostering of economic development and the development of
41 new technology under this section or section 49 of this chapter for
42 the benefit of the general public, including industrial and

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- 1 commercial enterprises, is a public purpose.
- 2 (b) The fiscal bodies of two (2) or more counties or
- 3 municipalities may, by resolution, do the following:
- 4 (1) Determine that part or all the taxes received by the units
- 5 under this chapter should be combined to foster:
- 6 (A) economic development;
- 7 (B) the development of new technology; and
- 8 (C) industrial and commercial growth.
- 9 (2) Establish a regional venture capital fund.
- 10 A resolution adopted under IC 6-3.5-7-13.5 before January 1, 2009,
- 11 shall be treated as a resolution adopted under this section.
- 12 (c) Each unit participating in a regional venture capital fund
- 13 established under subsection (b) may deposit the following in the
- 14 fund:
- 15 (1) Economic development shares distributed to the unit
- 16 under this chapter.
- 17 (2) The proceeds of public or private grants.
- 18 (d) A regional venture capital fund shall be administered by a
- 19 governing board. The expenses of administering the fund shall be
- 20 paid from money in the fund. The governing board shall invest the
- 21 money in the fund not currently needed to meet the obligations of
- 22 the fund in the same manner as other public money may be
- 23 invested. Interest that accrues from these investments shall be
- 24 deposited into the fund. The fund is subject to an annual audit by
- 25 the state board of accounts. The fund shall bear the full costs of the
- 26 audit.
- 27 (e) The fiscal body of each participating unit shall approve an
- 28 interlocal agreement created under IC 36-1-7 establishing the
- 29 terms for the administration of the regional venture capital fund.
- 30 The terms must include the following:
- 31 (1) The membership of the governing board.
- 32 (2) The amount of each unit's contribution to the fund.
- 33 (3) The procedures and criteria under which the governing
- 34 board may loan or grant money from the fund.
- 35 (4) The procedures for the dissolution of the fund and for the
- 36 distribution of money remaining in the fund at the time of the
- 37 dissolution.
- 38 (f) An interlocal agreement made by the participating units
- 39 under subsection (e) must provide that:
- 40 (1) each of the participating units is represented by at least
- 41 one (1) member of the governing board; and
- 42 (2) the membership of the governing board is established on

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1 a bipartisan basis so that the number of the members of the
2 governing board who are members of one (1) political party
3 may not exceed the number of members of the governing
4 board required to establish a quorum.

5 (g) A majority of the governing board constitutes a quorum, and
6 the concurrence of a majority of the governing board is necessary
7 to authorize any action.

8 (h) An interlocal agreement made by the participating units
9 under subsection (e) must be submitted to the Indiana economic
10 development corporation for approval before the participating
11 units may contribute to the fund.

12 (i) A majority of members of a governing board of a regional
13 venture capital fund established under this section must have at
14 least five (5) years of experience in business, finance, or venture
15 capital.

16 (j) The governing board of the fund may loan or grant money
17 from the fund to a private or public entity if the governing board
18 finds that the loan or grant will be used by the borrower or grantee
19 for at least one (1) of the following economic development
20 purposes:

21 (1) To promote significant employment opportunities for the
22 residents of the units participating in the regional venture
23 capital fund.

24 (2) To attract a major new business enterprise to a
25 participating unit.

26 (3) To develop, retain, or expand a significant business
27 enterprise in a participating unit.

28 (k) The expenditures of a borrower or grantee of money from
29 a regional venture capital fund that are considered to be for an
30 economic development purpose include expenditures for any of the
31 following:

32 (1) Research and development of technology.

33 (2) Job training and education.

34 (3) Acquisition of property interests.

35 (4) Infrastructure improvements.

36 (5) New buildings or structures.

37 (6) Rehabilitation, renovation, or enlargement of buildings or
38 structures.

39 (7) Machinery, equipment, and furnishings.

40 (8) Funding small business development with respect to:

41 (A) prototype products or processes;

42 (B) marketing studies to determine the feasibility of new

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**products or processes; or
(C) business plans for the development and production of
new products or processes.**

SECTION 54. IC 6-3.5-6-49 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 49. (a) This section applies after December 31, 2008.

(b) The fiscal body of a county or municipality may, by resolution, establish a local venture capital fund. A resolution adopted under IC 6-3.5-7-13.6 before January 1, 2009, shall be treated as a resolution adopted under this section.

(c) A unit establishing a local venture capital fund under subsection (b) may deposit the following in the fund:

- (1) Economic development shares distributed to the unit under this chapter.**
- (2) The proceeds of public or private grants.**

(d) A local venture capital fund shall be administered by a governing board. The expenses of administering the fund shall be paid from money in the fund. The governing board shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited into the fund. The fund is subject to an annual audit by the state board of accounts. The fund shall bear the full costs of the audit.

(e) The fiscal body of a unit establishing a local venture capital fund under subsection (b) shall establish the terms for the administration of the local venture capital fund. The terms must include the following:

- (1) The membership of the governing board.**
- (2) The amount of the unit's contribution to the fund.**
- (3) The procedures and criteria under which the governing board may loan or grant money from the fund.**
- (4) The procedures for the dissolution of the fund and for the distribution of money remaining in the fund at the time of the dissolution.**

(f) A unit establishing a local venture capital fund under subsection (b) must be represented by at least one (1) member of the governing board.

(g) The membership of the governing board must be established on a bipartisan basis so that the number of the members of the governing board who are members of one (1) political party may

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1 not exceed the number of members of the governing board
2 required to establish a quorum.

3 (h) A majority of the governing board constitutes a quorum, and
4 the concurrence of a majority of the governing board is necessary
5 to authorize any action.

6 (i) The terms established under subsection (e) for the
7 administration of the local venture capital fund must be submitted
8 to the Indiana economic development corporation for approval
9 before a unit may contribute to the fund.

10 (j) A majority of members of a governing board of a local
11 venture capital fund established under this section must have at
12 least five (5) years of experience in business, finance, or venture
13 capital.

14 (k) The governing board of the fund may loan or grant money
15 from the fund to a private or public entity if the governing board
16 finds that the loan or grant will be used by the borrower or grantee
17 for at least one (1) of the following economic development
18 purposes:

19 (1) To promote significant employment opportunities for the
20 residents of the unit establishing the local venture capital
21 fund.

22 (2) To attract a major new business enterprise to the unit.

23 (3) To develop, retain, or expand a significant business
24 enterprise in the unit.

25 (l) The expenditures of a borrower or grantee of money from a
26 local venture capital fund that are considered to be for an
27 economic development purpose include expenditures for any of the
28 following:

29 (1) Research and development of technology.

30 (2) Job training and education.

31 (3) Acquisition of property interests.

32 (4) Infrastructure improvements.

33 (5) New buildings or structures.

34 (6) Rehabilitation, renovation, or enlargement of buildings or
35 structures.

36 (7) Machinery, equipment, and furnishings.

37 (8) Funding small business development with respect to:

38 (A) prototype products or processes;

39 (B) marketing studies to determine the feasibility of new
40 products or processes; or

41 (C) business plans for the development and production of
42 new products or processes.

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1 SECTION 55. IC 6-3.5-7-5, AS AMENDED BY P.L.162-2006,
2 SECTION 33, AND AS AMENDED BY P.L.184-2006, SECTION 8,
3 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) Except as provided in
5 subsection ~~(c)~~; **(f)**, the county economic development income tax may
6 be imposed on the adjusted gross income of county taxpayers **to**
7 **distribute revenue among the civil taxing units in the county and**
8 **other entities as permitted under this chapter.** The entity that
9 **county council** may impose the tax. is

- 10 (1) ~~the county income tax council (as defined in IC 6-3.5-6-1) if~~
11 ~~the county option income tax is in effect on January 1 of the year~~
12 ~~the county economic development income tax is imposed;~~
- 13 (2) ~~the county council. if the county adjusted gross income tax is~~
14 ~~in effect on January 1 of the year the county economic~~
15 ~~development tax is imposed; or~~
- 16 (3) ~~the county income tax council or the county council;~~
17 ~~whichever acts first; for a county not covered by subdivision (1)~~
18 ~~or (2).~~

19 To impose the county economic development income tax, a county
20 income tax council shall use the procedures set forth in ~~IC 6-3.5-6~~
21 **IC 6-3.5-6-7** concerning the imposition of the county option income
22 tax. **An action taken before January 1, 2008, under this chapter by**
23 **a county income tax council shall be treated after December 31,**
24 **2007, as an action of the county council.**

25 (b) Except as provided in subsections ~~(c)~~; ~~(g)~~; ~~(k)~~; ~~(p)~~; and ~~(r)~~ The
26 county economic development income tax may be imposed at a rate of:
27 **that is any increment of**

- 28 (1) ~~one-tenth one-hundredth percent (0.1%);~~ **(0.01%)**
- 29 (2) ~~two-tenths percent (0.2%);~~
- 30 (3) ~~twenty-five hundredths percent (0.25%);~~
- 31 (4) ~~three-tenths percent (0.3%);~~
- 32 (5) ~~thirty-five hundredths percent (0.35%);~~
- 33 (6) ~~four-tenths percent (0.4%);~~
- 34 (7) ~~forty-five hundredths percent (0.45%);~~ or
- 35 (8) ~~five-tenths percent (0.5%);~~

36 on the adjusted gross income of **resident** county taxpayers. **If a county**
37 **economic development income tax is imposed on resident county**
38 **taxpayers, a county economic development income tax shall be**
39 **imposed on nonresident county taxpayers. The tax rate on**
40 **nonresident county taxpayers must be twenty-five percent (25%)**
41 **of the rate imposed on resident county taxpayers, rounded to the**
42 **nearest one-hundredth percent (0.01%).**

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1 (c) Except as provided in subsection (h); (i); (j); (k); (l); (m); (n); (o);
 2 (p); ~~or (s); or (v)~~; the county economic development income tax rate
 3 plus the county adjusted gross income tax rate, if any; that are in effect
 4 on January 1 of a year may not exceed one and twenty-five hundredths
 5 percent (1.25%). Except as provided in subsection (g); (p); (r); (t); or
 6 (u); the county economic development tax rate plus the county option
 7 income tax rate, if any; that are in effect on January 1 of a year may not
 8 exceed one percent (1%).

9 (d) (c) To impose, increase, decrease, or rescind the county
 10 economic development income tax, the appropriate body county
 11 council must, after January 1 but before April 1 of a year, adopt an
 12 ordinance. The ordinance to impose the tax must substantially state the
 13 following:

14 "The _____ County Council imposes the county economic
 15 development income tax on the county taxpayers of _____
 16 County. The county economic development income tax is imposed at
 17 a rate of _____ percent (____%) on the county taxpayers of the
 18 county. This tax takes effect July 1 of this year."

19 (e) (d) Any ordinance adopted under this chapter takes effect July
 20 1 of the year the ordinance is adopted.

21 (f) (e) The auditor of a county shall record all votes taken on
 22 ordinances presented for a vote under the authority of this chapter and
 23 shall, not more than ten (10) days after the vote, send a certified copy
 24 of the results to the commissioner of the department by certified mail.

25 (g) This subsection applies to a county having a population of more
 26 than one hundred forty-eight thousand (148,000) but less than one
 27 hundred seventy thousand (170,000). Except as provided in subsection
 28 (p); in addition to the rates permitted by subsection (b); the:

29 (1) county economic development income tax may be imposed at
 30 a rate of:

31 (A) fifteen-hundredths percent (0.15%);

32 (B) two-tenths percent (0.2%); or

33 (C) twenty-five hundredths percent (0.25%); and

34 (2) county economic development income tax rate plus the county
 35 option income tax rate that are in effect on January 1 of a year
 36 may equal up to one and twenty-five hundredths percent (1.25%);
 37 if the county income tax council makes a determination to impose rates
 38 under this subsection and section 22 of this chapter:

39 (h) For a county having a population of more than forty-one
 40 thousand (41,000) but less than forty-three thousand (43,000), except
 41 as provided in subsection (p); the county economic development
 42 income tax rate plus the county adjusted gross income tax rate that are

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1 in effect on January 1 of a year may not exceed one and thirty-five
 2 hundredths percent (1.35%) if the county has imposed the county
 3 adjusted gross income tax at a rate of one and one-tenth percent (1.1%)
 4 under IC 6-3.5-1.1-2.5.

5 (i) For a county having a population of more than thirteen thousand
 6 five hundred (13,500) but less than fourteen thousand (14,000); except
 7 as provided in subsection (p); the county economic development
 8 income tax rate plus the county adjusted gross income tax rate that are
 9 in effect on January 1 of a year may not exceed one and fifty-five
 10 hundredths percent (1.55%).

11 (j) For a county having a population of more than seventy-one
 12 thousand (71,000) but less than seventy-one thousand four hundred
 13 (71,400); except as provided in subsection (p); the county economic
 14 development income tax rate plus the county adjusted gross income tax
 15 rate that are in effect on January 1 of a year may not exceed one and
 16 five-tenths percent (1.5%).

17 (k) This subsection applies to a county having a population of more
 18 than twenty-seven thousand four hundred (27,400) but less than
 19 twenty-seven thousand five hundred (27,500). Except as provided in
 20 subsection (p); in addition to the rates permitted under subsection (b):

21 (1) the county economic development income tax may be imposed
 22 at a rate of twenty-five hundredths percent (0.25%); and

23 (2) the sum of the county economic development income tax rate
 24 and the county adjusted gross income tax rate that are in effect on
 25 January 1 of a year may not exceed one and five-tenths percent
 26 (1.5%);

27 if the county council makes a determination to impose rates under this
 28 subsection and section 22.5 of this chapter.

29 (l) For a county having a population of more than twenty-nine
 30 thousand (29,000) but less than thirty thousand (30,000); except as
 31 provided in subsection (p); the county economic development income
 32 tax rate plus the county adjusted gross income tax rate that are in effect
 33 on January 1 of a year may not exceed one and five-tenths percent
 34 (1.5%).

35 (m) For:

36 (1) a county having a population of more than one hundred
 37 eighty-two thousand seven hundred ninety (182,790) but less than
 38 two hundred thousand (200,000); or

39 (2) a county having a population of more than forty-five thousand
 40 (45,000) but less than forty-five thousand nine hundred (45,900);

41 except as provided in subsection (p); the county economic development
 42 income tax rate plus the county adjusted gross income tax rate that are

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1 in effect on January 1 of a year may not exceed one and five-tenths
2 percent (1.5%):

3 (n) For a county having a population of more than six thousand
4 (6,000) but less than eight thousand (8,000), except as provided in
5 subsection (p), the county economic development income tax rate plus
6 the county adjusted gross income tax rate that are in effect on January
7 1 of a year may not exceed one and five-tenths percent (1.5%):

8 (o) This subsection applies to a county having a population of more
9 than thirty-nine thousand (39,000) but less than thirty-nine thousand
10 six hundred (39,600). Except as provided in subsection (p), in addition
11 to the rates permitted under subsection (b):

12 (1) the county economic development income tax may be imposed
13 at a rate of twenty-five hundredths percent (0.25%); and

14 (2) the sum of the county economic development income tax rate
15 and:

16 (A) the county adjusted gross income tax rate that are in effect
17 on January 1 of a year may not exceed one and five-tenths
18 percent (1.5%); or

19 (B) the county option income tax rate that are in effect on
20 January 1 of a year may not exceed one and twenty-five
21 hundredths percent (1.25%);

22 if the county council makes a determination to impose rates under this
23 subsection and section 24 of this chapter:

24 (p) In addition:

25 (1) the county economic development income tax may be imposed
26 at a rate that exceeds by not more than twenty-five hundredths
27 percent (0.25%) the maximum rate that would otherwise apply
28 under this section; and

29 (2) the:

30 (A) county economic development income tax; and

31 (B) county option income tax or county adjusted gross income
32 tax;

33 may be imposed at combined rates that exceed by not more than
34 twenty-five hundredths percent (0.25%) the maximum combined
35 rates that would otherwise apply under this section:

36 However, the additional rate imposed under this subsection may not
37 exceed the amount necessary to mitigate the increased ad valorem
38 property taxes on homesteads (as defined in IC 6-1.1-20-9-1) or
39 residential property (as defined in section 26 of this chapter); as
40 appropriate under the ordinance adopted by the adopting body in the
41 county, resulting from the deduction of the assessed value of inventory
42 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

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1 (q) If the county economic development income tax is imposed as
 2 authorized under subsection (p) at a rate that exceeds the maximum
 3 rate that would otherwise apply under this section; the certified
 4 distribution must be used for the purpose provided in section 25(e) or
 5 26 of this chapter to the extent that the certified distribution results
 6 from the difference between:

- 7 (1) the actual county economic development tax rate; and
 8 (2) the maximum rate that would otherwise apply under this
 9 section:

10 (r) This subsection applies only to a county described in section 27
 11 of this chapter. Except as provided in subsection (p); in addition to the
 12 rates permitted by subsection (b); the:

- 13 (1) county economic development income tax may be imposed at
 14 a rate of twenty-five hundredths percent (0.25%); and
 15 (2) county economic development income tax rate plus the county
 16 option income tax rate that are in effect on January 1 of a year
 17 may equal up to one and twenty-five hundredths percent (1.25%);

18 if the county council makes a determination to impose rates under this
 19 subsection and section 27 of this chapter:

20 (s) Except as provided in subsection (p); the county economic
 21 development income tax rate plus the county adjusted gross income tax
 22 rate that are in effect on January 1 of a year may not exceed one and
 23 five-tenths percent (1.5%) if the county has imposed the county
 24 adjusted gross income tax under IC 6-3.5-1.1-3.3:

25 (t) This subsection applies to Howard County. Except as provided
 26 in subsection (p); the sum of the county economic development income
 27 tax rate and the county option income tax rate that are in effect on
 28 January 1 of a year may not exceed one and twenty-five hundredths
 29 percent (1.25%):

30 (u) This subsection applies to Scott County. Except as provided in
 31 subsection (p); the sum of the county economic development income
 32 tax rate and the county option income tax rate that are in effect on
 33 January 1 of a year may not exceed one and twenty-five hundredths
 34 percent (1.25%):

35 (v) *This subsection applies to Jasper County. Except as provided in*
 36 *subsection (p); the sum of the county economic development income tax*
 37 *rate and the county adjusted gross income tax rate that are in effect on*
 38 *January 1 of a year may not exceed one and five-tenths percent (1.5%):*

39 (f) **In 2008, a county council may not adopt an ordinance to**
 40 **impose a county economic development income tax rate if an**
 41 **economic development income tax rate was not in effect in the**
 42 **county on September 1, 2007. A county council may not adopt an**

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1 ordinance in 2008 to increase a county economic development
2 income tax rate. The economic development income tax rate that
3 applies in the county in 2008 is equal to:

4 (1) the county economic development tax rate that was in
5 effect in the county on September 1, 2007, after eliminating
6 the rate imposed under sections 22 (repealed), 22.5 (repealed),
7 23 (repealed), 24 (repealed), 25 (repealed), 26 (repealed), and
8 27 (repealed) of this chapter; minus

9 (2) a tax rate equal to the municipal option income tax rate
10 imposed in any municipality in the county under
11 IC 6-3.5-8-11.5 and attributable to the split of the tax rate
12 under this chapter into an economic development income tax
13 rate and a municipal option income tax rate.

14 SECTION 56. IC 6-3.5-7-6 IS AMENDED TO READ AS
15 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) **Subject to**
16 **section 5(f) of this chapter**, the ~~body imposing the tax~~ county council
17 may decrease or increase the county economic development income tax
18 rate imposed upon the county taxpayers as long as the resulting rate
19 does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of
20 this chapter. The rate imposed under this section must be adopted at
21 one (1) of the rates specified in section 5(b) of this chapter: to
22 **distribute revenue among the units in the county and other entities**
23 **as permitted under this chapter**. To decrease or increase the rate, the
24 appropriate ~~body~~ county council must, after January 1 but before April
25 1 of a year, adopt an ordinance. The ordinance must substantially state
26 the following:

27 "The _____ County _____ increases (decreases) the
28 county economic development income tax rate imposed upon the
29 county taxpayers of the county from _____ percent (___%) to
30 _____ percent (___%). This tax rate increase (decrease) takes
31 effect July 1 of this year."

32 (b) Any ordinance adopted under this section takes effect July 1 of
33 the year the ordinance is adopted.

34 (c) The auditor of a county shall record all votes taken on
35 ordinances presented for a vote under the authority of this section and
36 immediately send a certified copy of the results to the department by
37 certified mail.

38 SECTION 57. IC 6-3.5-7-7 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 7. (a) The county
40 economic development income tax imposed under this chapter remains
41 in effect until rescinded.

42 (b) Subject to section 14 of this chapter, the ~~body imposing the~~

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1 ~~county economic development income tax~~ **county council** may rescind
2 the tax by adopting an ordinance to rescind the tax after January 1 but
3 before April 1 of a year.

4 (c) Any ordinance adopted under this section takes effect July 1 of
5 the year the ordinance is adopted.

6 (d) The auditor of a county shall record all votes taken on
7 ordinances presented for a vote under the authority of this section and
8 immediately send a certified copy of the results to the department by
9 certified mail.

10 SECTION 58. IC 6-3.5-7-11, AS AMENDED BY P.L.207-2005,
11 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JANUARY 1, 2008]: Sec. 11. (a) Revenue derived from the imposition
13 of the county economic development income tax shall, in the manner
14 prescribed by this section, be distributed to the county that imposed it.

15 (b) Before August 2 of each calendar year, the department, after
16 reviewing the recommendation of the budget agency, shall certify to the
17 county auditor of each adopting county the sum of the amount of
18 county economic development income tax revenue that the department
19 determines has been:

- 20 (1) received from that county for a taxable year ending before the
- 21 calendar year in which the determination is made; and
- 22 (2) reported on an annual return or amended return processed by
- 23 the department in the state fiscal year ending before July 1 of the
- 24 calendar year in which the determination is made;

25 as adjusted (as determined after review of the recommendation of the
26 budget agency) for refunds of county economic development income
27 tax made in the state fiscal year plus the amount of interest in the
28 county's account that has been accrued and has not been included in a
29 certification made in a preceding year. The amount certified is the
30 county's certified distribution, which shall be distributed on the dates
31 specified in section 16 of this chapter for the following calendar year.
32 The amount certified shall be adjusted under subsections (c), (d), (e),
33 **and** (f). ~~and (g)~~. The department shall provide with the certification an
34 informative summary of the calculations used to determine the certified
35 distribution.

36 (c) The department shall certify an amount less than the amount
37 determined under subsection (b) if the department, after reviewing the
38 recommendation of the budget agency, determines that the reduced
39 distribution is necessary to offset overpayments made in a calendar
40 year before the calendar year of the distribution. The department, after
41 reviewing the recommendation of the budget agency, may reduce the
42 amount of the certified distribution over several calendar years so that

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1 any overpayments are offset over several years rather than in one (1)
2 lump sum.

3 (d) After reviewing the recommendation of the budget agency, the
4 department shall adjust the certified distribution of a county to correct
5 for any clerical or mathematical errors made in any previous
6 certification under this section. The department, after reviewing the
7 recommendation of the budget agency, may reduce the amount of the
8 certified distribution over several calendar years so that any adjustment
9 under this subsection is offset over several years rather than in one (1)
10 lump sum.

11 (e) The department, after reviewing the recommendation of the
12 budget agency, shall adjust the certified distribution of a county to
13 provide the county with the distribution required under section 16(b)
14 of this chapter.

15 ~~(f) The department, after reviewing the recommendation of the~~
16 ~~budget agency, shall adjust the certified distribution of a county to~~
17 ~~provide the county with the amount of any tax increase imposed under~~
18 ~~section 25 or 26 of this chapter to provide additional homestead credits~~
19 ~~as provided in those provisions.~~

20 ~~(g)~~ (f) This subsection applies to a county that:

21 (1) initially imposed the county economic development income
22 tax; or

23 (2) increases the county economic development income rate;
24 under this chapter in the same calendar year in which the department
25 makes a certification under this section. The department, after
26 reviewing the recommendation of the budget agency, shall adjust the
27 certified distribution of a county to provide for a distribution in the
28 immediately following calendar year and in each calendar year
29 thereafter. The department shall provide for a full transition to
30 certification of distributions as provided in subsection (b)(1) through
31 (b)(2) in the manner provided in subsection (c).

32 SECTION 59. IC 6-3.5-7-12 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 12. (a) ~~Except as~~
34 ~~provided in sections 23, 25, 26, and 27 of this chapter;~~ The county
35 auditor shall distribute in the manner specified in this section the
36 certified distribution to the county.

37 (b) Except as provided in subsections (c) and (h), and ~~sections~~
38 ~~section 15 and 25~~ of this chapter, the amount of the certified
39 distribution that the county and each city or town in a county is entitled
40 to receive during May and November of each year equals the product
41 of the following:

42 (1) The amount of the certified distribution for that month;

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- 1 multiplied by
- 2 (2) A fraction. The numerator of the fraction equals the sum of the
- 3 following:
- 4 (A) Total property taxes that are first due and payable to the
- 5 county, city, or town during the calendar year in which the
- 6 month falls; plus
- 7 (B) For a county, an amount equal to the property taxes
- 8 imposed by the county in 1999 for the county's welfare fund
- 9 and welfare administration fund.
- 10 The denominator of the fraction equals the sum of the total
- 11 property taxes that are first due and payable to the county and all
- 12 cities and towns of the county during the calendar year in which
- 13 the month falls, plus an amount equal to the property taxes
- 14 imposed by the county in 1999 for the county's welfare fund and
- 15 welfare administration fund.
- 16 (c) This subsection applies to a county council or county income tax
- 17 council (**before April 1, 2007**) that imposes a tax under this chapter
- 18 after June 1, 1992. **Subject to subsection (h)**, the ~~body imposing the~~
- 19 **tax county council** may adopt an ordinance before July 1 of a year to
- 20 provide for the distribution of certified distributions under this
- 21 subsection instead of a distribution under subsection (b). The following
- 22 apply if an ordinance is adopted under this subsection:
- 23 (1) The ordinance is effective January 1 of the following year.
- 24 (2) ~~Except as provided in sections 25 and 26 of this chapter~~, The
- 25 amount of the certified distribution that the county and each city
- 26 and town in the county is entitled to receive during May and
- 27 November of each year equals the product of:
- 28 (A) the amount of the certified distribution for the month;
- 29 multiplied by
- 30 (B) a fraction. For a city or town, the numerator of the fraction
- 31 equals the population of the city or the town. For a county, the
- 32 numerator of the fraction equals the population of the part of
- 33 the county that is not located in a city or town. The
- 34 denominator of the fraction equals the sum of the population
- 35 of all cities and towns located in the county and the population
- 36 of the part of the county that is not located in a city or town.
- 37 (3) The ordinance may be made irrevocable for the duration of
- 38 specified lease rental or debt service payments.
- 39 (d) The ~~body imposing the tax county council~~ may not adopt an
- 40 ordinance under subsection (c) if, before the adoption of the proposed
- 41 ordinance, any of the following have pledged the county economic
- 42 development income tax for any purpose permitted by IC 5-1-14 or any

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other statute:

- (1) The county.
- (2) A city or town in the county.
- (3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution. ~~subject to the requirements of sections 15, 25, and 26 of this chapter.~~

SECTION 60. IC 6-3.5-7-13.1, AS AMENDED BY P.L.47-2006, SECTION 4, AND AS AMENDED BY P.L.137-2006, SECTION 11, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13.1. (a) The fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. ~~Except as provided in sections 23, 25, 26, and 27 of this chapter,~~ The revenue received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund.

(b) ~~Except as provided in sections 15, 23, 25, 26, and 27 of this chapter,~~ Revenues from the county economic development income tax may be used as follows:

- (1) By a county, city, or town for economic development projects, for paying, notwithstanding any other law, under a written agreement all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project, for the retirement of bonds under section 14 of this chapter for economic development projects, for leases under section 21 of

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1 this chapter, or for leases or bonds entered into or issued prior to
 2 the date the economic development income tax was imposed if
 3 the purpose of the lease or bonds would have qualified as a
 4 purpose under this chapter at the time the lease was entered into
 5 or the bonds were issued.

6 (2) By a county, city, or town for:

7 (A) the construction or acquisition of, or remedial action with
 8 respect to, a capital project for which the unit is empowered to
 9 issue general obligation bonds or establish a fund under any
 10 statute listed in IC 6-1.1-18.5-9.8;

11 (B) the retirement of bonds issued under any provision of
 12 Indiana law for a capital project;

13 (C) the payment of lease rentals under any statute for a capital
 14 project;

15 (D) contract payments to a nonprofit corporation whose
 16 primary corporate purpose is to assist government in planning
 17 and implementing economic development projects;

18 (E) operating expenses of a governmental entity that plans or
 19 implements economic development projects;

20 (F) to the extent not otherwise allowed under this chapter,
 21 funding substance removal or remedial action in a designated
 22 unit; or

23 (G) funding of a revolving fund established under
 24 IC 5-1-14-14.

25 (3) By a county, city, or town for any lawful purpose for which
 26 money in any of its other funds may be used.

27 (4) By a city or county described in IC 36-7.5-2-3(b) for making
 28 transfers required by IC 36-7.5-4-2. If the county economic
 29 development income tax rate is increased after April 30, 2005, in
 30 a county having a population of more than one hundred forty-five
 31 thousand (145,000) but less than one hundred forty-eight
 32 thousand (148,000), the first three million five hundred thousand
 33 dollars (\$3,500,000) of the tax revenue that results each year from
 34 the tax rate increase shall be used by the county only to make the
 35 county's transfer required by IC 36-7.5-4-2. The first three million
 36 five hundred thousand dollars (\$3,500,000) of the tax revenue that
 37 results each year from the tax rate increase shall be paid by the
 38 county treasurer to the treasurer of the northwest Indiana regional
 39 development authority under IC 36-7.5-4-2 before certified
 40 distributions are made to the county or any cities or towns in the
 41 county under this chapter from the tax revenue that results each
 42 year from the tax rate increase. ~~In a county having a population of~~

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1 more than one hundred forty-five thousand (145,000) but less
 2 than one hundred forty-eight thousand (148,000); all of the tax
 3 revenue that results each year from the tax rate increase that is in
 4 excess of the first three million five hundred thousand dollars
 5 (\$3,500,000) that results each year from the tax rate increase must
 6 be used by the county and cities and towns in the county for
 7 additional homestead credits under subdivision (5):

8 (5) This subdivision applies only in a county having a population
 9 of more than one hundred forty-five thousand (145,000) but less
 10 than one hundred forty-eight thousand (148,000). Except as
 11 otherwise provided; the procedures and definitions in
 12 IC 6-1.1-20.9 apply to this subdivision. All of the tax revenue that
 13 results each year from a tax rate increase described in subdivision
 14 (4) that is in excess of the first three million five hundred
 15 thousand dollars (\$3,500,000) that results each year from the tax
 16 rate increase must be used by the county and cities and towns in
 17 the county for additional homestead credits under this
 18 subdivision. The following apply to additional homestead credits
 19 provided under this subdivision:

20 (A) The additional homestead credits must be applied
 21 uniformly to increase the homestead credit under IC 6-1.1-20.9
 22 for homesteads in the county, city, or town.

23 (B) The additional homestead credits shall be treated for all
 24 purposes as property tax levies. The additional homestead
 25 credits do not reduce the basis for determining the state
 26 property tax replacement credit under IC 6-1.1-21 or the state
 27 homestead credit under IC 6-1.1-20.9:

28 (C) The additional homestead credits shall be applied to the
 29 net property taxes due on the homestead after the application
 30 of all other assessed value deductions or property tax
 31 deductions and credits that apply to the amount owed under
 32 IC 6-1.1:

33 (D) The department of local government finance shall
 34 determine the additional homestead credit percentage for a
 35 particular year based on the amount of county economic
 36 development income tax revenue that will be used under this
 37 subdivision to provide additional homestead credits in that
 38 year:

39 (6) This subdivision applies only in a county having a population
 40 of more than four hundred thousand (400,000) but less than seven
 41 hundred thousand (700,000). Except as otherwise provided; the
 42 procedures and definitions in IC 6-1.1-20.9 apply to this

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1 subdivision. A county or a city or town in the county may use
2 county economic development income tax revenue to provide
3 additional homestead credits in the county, city, or town. The
4 following apply to additional homestead credits provided under
5 this subdivision:

6 (A) The county, city, or town fiscal body must adopt an
7 ordinance authorizing the additional homestead credits. The
8 ordinance must:

9 (i) be adopted before September 1 of a year to apply to
10 property taxes first due and payable in the following year;
11 and

12 (ii) specify the amount of county economic development
13 income tax revenue that will be used to provide additional
14 homestead credits in the following year.

15 (B) A county, city, or town fiscal body that adopts an
16 ordinance under this subdivision must forward a copy of the
17 ordinance to the county auditor and the department of local
18 government finance not more than thirty (30) days after the
19 ordinance is adopted.

20 (C) The additional homestead credits must be applied
21 uniformly to increase the homestead credit under IC 6-1.1-20.9
22 for homesteads in the county, city, or town.

23 (D) The additional homestead credits shall be treated for all
24 purposes as property tax levies. The additional homestead
25 credits do not reduce the basis for determining the state
26 property tax replacement credit under IC 6-1.1-21 or the state
27 homestead credit under IC 6-1.1-20.9.

28 (E) The additional homestead credits shall be applied to the
29 net property taxes due on the homestead after the application
30 of all other assessed value deductions or property tax
31 deductions and credits that apply to the amount owed under
32 IC 6-1.1.

33 (F) The department of local government finance shall
34 determine the additional homestead credit percentage for a
35 particular year based on the amount of county economic
36 development income tax revenue that will be used under this
37 subdivision to provide additional homestead credits in that
38 year.

39 ~~(7)~~ (5) For a regional venture capital fund established under
40 section 13.5 of this chapter or a local venture capital fund
41 established under section 13.6 of this chapter.

42 ~~(7)~~ (6) This subdivision applies only to a county:

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1 (A) that has a population of more than one hundred ten
2 thousand (110,000) but less than one hundred fifteen thousand
3 (115,000); and

4 (B) in which:

5 (i) the county fiscal body has adopted an ordinance under
6 IC 36-7.5-2-3(e) providing that the county is joining the
7 northwest Indiana regional development authority; and

8 (ii) the fiscal body of the city described in IC 36-7.5-2-3(e)
9 has adopted an ordinance under IC 36-7.5-2-3(e) providing
10 that the city is joining the development authority.

11 Revenue from the county economic development income tax may
12 be used by a county or a city described in this subdivision for
13 making transfers required by IC 36-7.5-4-2. In addition, if the
14 county economic development income tax rate is increased after
15 June 30, 2006, in the county, the first three million five hundred
16 thousand dollars (\$3,500,000) of the tax revenue that results each
17 year from the tax rate increase shall be used by the county only
18 to make the county's transfer required by IC 36-7.5-4-2. The first
19 three million five hundred thousand dollars (\$3,500,000) of the
20 tax revenue that results each year from the tax rate increase shall
21 be paid by the county treasurer to the treasurer of the northwest
22 Indiana regional development authority under IC 36-7.5-4-2
23 before certified distributions are made to the county or any cities
24 or towns in the county under this chapter from the tax revenue
25 that results each year from the tax rate increase. All of the tax
26 revenue that results each year from the tax rate increase that is
27 in excess of the first three million five hundred thousand dollars
28 (\$3,500,000) that results each year from the tax rate increase
29 must be used by the county and cities and towns in the county for
30 additional homestead credits under subdivision (8).

31 (8) This subdivision applies only to a county described in
32 subdivision (7). Except as otherwise provided, the procedures
33 and definitions in IC 6-1.1-20.9 apply to this subdivision. All of
34 the tax revenue that results each year from a tax rate increase
35 described in subdivision (7) that is in excess of the first three
36 million five hundred thousand dollars (\$3,500,000) that results
37 each year from the tax rate increase must be used by the county
38 and cities and towns in the county for additional homestead
39 credits under this subdivision. The following apply to additional
40 homestead credits provided under this subdivision:

41 (A) The additional homestead credits must be applied
42 uniformly to increase the homestead credit under

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- 1 *IC 6-1.1-20.9 for homesteads in the county, city, or town.*
- 2 *(B) The additional homestead credits shall be treated for all*
- 3 *purposes as property tax levies. The additional homestead*
- 4 *credits do not reduce the basis for determining the state*
- 5 *property tax replacement credit under IC 6-1.1-21 or the state*
- 6 *homestead credit under IC 6-1.1-20.9.*
- 7 *(C) The additional homestead credits shall be applied to the*
- 8 *net property taxes due on the homestead after the application*
- 9 *of all other assessed value deductions or property tax*
- 10 *deductions and credits that apply to the amount owed under*
- 11 *IC 6-1.1.*
- 12 *(D) The department of local government finance shall*
- 13 *determine the additional homestead credit percentage for a*
- 14 *particular year based on the amount of county economic*
- 15 *development income tax revenue that will be used under this*
- 16 *subdivision to provide additional homestead credits in that*
- 17 *year.*
- 18 (c) As used in this section, an economic development project is any
- 19 project that:
 - 20 (1) the county, city, or town determines will:
 - 21 (A) promote significant opportunities for the gainful
 - 22 employment of its citizens;
 - 23 (B) attract a major new business enterprise to the unit; or
 - 24 (C) retain or expand a significant business enterprise within
 - 25 the unit; and
 - 26 (2) involves an expenditure for:
 - 27 (A) the acquisition of land;
 - 28 (B) interests in land;
 - 29 (C) site improvements;
 - 30 (D) infrastructure improvements;
 - 31 (E) buildings;
 - 32 (F) structures;
 - 33 (G) rehabilitation, renovation, and enlargement of buildings
 - 34 and structures;
 - 35 (H) machinery;
 - 36 (I) equipment;
 - 37 (J) furnishings;
 - 38 (K) facilities;
 - 39 (L) administrative expenses associated with such a project,
 - 40 including contract payments authorized under subsection
 - 41 (b)(2)(D);
 - 42 (M) operating expenses authorized under subsection (b)(2)(E);

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1 or
 2 (N) to the extent not otherwise allowed under this chapter,
 3 substance removal or remedial action in a designated unit;
 4 or any combination of these.

5 (d) If there are bonds outstanding that have been issued under
 6 section 14 of this chapter or leases in effect under section 21 of this
 7 chapter, a county, city, or town may not expend money from its
 8 economic development income tax fund for a purpose authorized under
 9 subsection (b)(3) in a manner that would adversely affect owners of the
 10 outstanding bonds or payment of any lease rentals due.

11 SECTION 61. IC 6-3.5-7-14 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 14. (a) The fiscal
 13 body of a county, city, or town may issue bonds payable from the
 14 county economic development income tax. The bonds must be for
 15 economic development projects (as defined in section 13.1 of this
 16 chapter).

17 (b) The fiscal body of a county, city, or town may issue bonds
 18 payable from the county economic development income tax for any
 19 capital project for which the fiscal body is authorized to issue general
 20 obligation bonds. The bonds issued under this section may be payable
 21 from the county economic development income tax if the county option
 22 income tax or the county adjusted gross income tax is also in effect in
 23 the county at the time the bonds are issued.

24 (c) If there are bonds outstanding that have been issued under this
 25 section, or leases in effect under section 21 of this chapter, the ~~body~~
 26 ~~that imposed the county economic development income tax~~ **county**
 27 **council** may not reduce the county economic development income tax
 28 rate below a rate that would produce one and twenty-five hundredths
 29 (1.25) times the total of the highest annual debt service on the bonds to
 30 their final maturity, plus the highest annual lease payments, unless:

31 (1) the ~~body that imposed the economic development income tax;~~
 32 **county council; or**

33 (2) any city, town, or county;
 34 pledges all or a portion of its distributive share for the life of the bonds
 35 or the term of the lease, in an amount that is sufficient, when combined
 36 with the amount pledged by the city, town, or county that issued the
 37 bonds, to produce one and twenty-five hundredths (1.25) times the total
 38 of the highest annual debt service plus the highest annual lease
 39 payments.

40 (d) For purposes of subsection (c), the determination of a tax rate
 41 sufficient to produce one and twenty-five hundredths (1.25) times the
 42 total of the highest annual debt service plus the highest annual lease

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1 payments shall be based on an average of the immediately preceding
 2 three (3) years tax collections, if the tax has been imposed for the last
 3 preceding three (3) years. If the tax has not been imposed for the last
 4 preceding three (3) years, the ~~body that imposed the tax~~ **county council**
 5 may not reduce the rate below a rate that would produce one and
 6 twenty-five hundredths (1.25) times the total of the highest annual debt
 7 service, plus the highest annual lease payments, based upon a study by
 8 a qualified public accountant or financial advisor.

9 (e) IC 6-1.1-20 does not apply to the issuance of bonds under this
 10 section.

11 (f) Bonds issued under this section may be sold at a public sale in
 12 accordance with IC 5-1-11 or may be sold at a negotiated sale.

13 (g) After a sale of bonds under this section, the county auditor shall
 14 prepare a debt service schedule for the bonds.

15 (h) The general assembly covenants that it will not repeal or amend
 16 this chapter in a manner that would adversely affect owners of
 17 outstanding bonds issued, or payment of any lease rentals due, under
 18 this section.

19 SECTION 62. IC 6-3.5-7-15 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 15. (a) The
 21 executive of a county, city, or town may: ~~subject to the use of the~~
 22 ~~certified distribution permitted under sections 25 and 26 of this~~
 23 ~~chapter:~~

24 (1) adopt a capital improvement plan specifying the uses of the
 25 revenues to be received under this chapter; or

26 (2) designate the county or a city or town in the county as the
 27 recipient of all or a part of its share of the distribution.

28 (b) If a designation is made under subsection (a)(2), the county
 29 treasurer shall transfer the share or part of the share to the designated
 30 unit unless that unit does not have a capital improvement plan.

31 (c) A county, city, or town that fails to adopt a capital improvement
 32 plan may not receive:

33 (1) its fractional amount of the certified distribution; or

34 (2) any amount designated under subsection (a)(2);

35 for the year or years in which the unit does not have a plan. The county
 36 treasurer shall retain the certified distribution and any designated
 37 distribution for such a unit in a separate account until the unit adopts
 38 a plan. Interest on the separate account becomes part of the account. If
 39 a unit fails to adopt a plan for a period of three (3) years, then the
 40 balance in the separate account shall be distributed to the other units in
 41 the county based on property taxes first due and payable to the units
 42 during the calendar year in which the three (3) year period expires.

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1 (d) A capital improvement plan must include the following
2 components:

- 3 (1) Identification and general description of each project that
- 4 would be funded by the county economic development income
- 5 tax.
- 6 (2) The estimated total cost of the project.
- 7 (3) Identification of all sources of funds expected to be used for
- 8 each project.
- 9 (4) The planning, development, and construction schedule of each
- 10 project.

11 (e) A capital improvement plan:

- 12 (1) must encompass a period of no less than two (2) years; and
- 13 (2) must incorporate projects the cost of which is at least
- 14 seventy-five percent (75%) of the fractional amount certified
- 15 distribution expected to be received by the county, city, or town
- 16 in that period of time.

17 (f) In making a designation under subsection (a)(2), the executive
18 must specify the purpose and duration of the designation. If the
19 designation is made to provide for the payment of lease rentals or bond
20 payments, the executive may specify that the designation and its
21 duration are irrevocable.

22 SECTION 63. IC 6-3.5-7-16 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 16. (a) Except as
24 provided in ~~subsections~~ **subsection** (b), ~~and (c)~~; on May 1 of each year,
25 one-half (1/2) of each county's certified distribution for a calendar year
26 shall be distributed from its account established under section 10 of
27 this chapter to the county treasurer. The other one-half (1/2) shall be
28 distributed on November 1 of that calendar year.

29 (b) This subsection applies to a county having a population of more
30 than one hundred forty-five thousand (145,000) but less than one
31 hundred forty-eight thousand (148,000). Notwithstanding section 11 of
32 this chapter, the initial certified distribution certified for a county under
33 section 11 of this chapter shall be distributed to the county treasurer
34 from the account established for the county under section 10 of this
35 chapter according to the following schedule during the eighteen (18)
36 month period beginning on July 1 of the year in which the county
37 initially adopts an ordinance under section 2 of this chapter:

- 38 (1) One-fourth (1/4) on October 1 of the year in which the
- 39 ordinance was adopted.
- 40 (2) One-fourth (1/4) on January 1 of the calendar year following
- 41 the year in which the ordinance was adopted.
- 42 (3) One-fourth (1/4) on May 1 of the calendar year following the

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1 year in which the ordinance was adopted.
 2 (4) One-fourth (1/4) on November 1 of the calendar year
 3 following the year in which the ordinance was adopted.
 4 The county auditor and county treasurer shall distribute amounts
 5 received under this subsection to a county and each city or town in the
 6 county in the same proportions as are set forth in section 12 of this
 7 chapter. Certified distributions made to the county treasurer for
 8 calendar years following the eighteen (18) month period described in
 9 this subsection shall be made as provided in subsection (a).
 10 ~~(c) Before July 1 of each year, a county's certified distribution for~~
 11 ~~additional homestead credits under section 25 or 26 of this chapter for~~
 12 ~~the year shall be distributed from the county's account established~~
 13 ~~under section 10 of this chapter.~~
 14 ~~(d)~~ (c) All distributions from an account established under section
 15 10 of this chapter shall be made by warrants issued by the auditor of
 16 state to the treasurer of state ordering the appropriate payments.
 17 SECTION 64. IC 6-3.5-7-29 IS ADDED TO THE INDIANA CODE
 18 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 19 JANUARY 1, 2008]: **Sec. 29. This chapter expires January 1, 2009.**
 20 **A tax imposed under this chapter does not terminates after**
 21 **December 31, 2008, to the extent that a substantially identical tax**
 22 **is imposed under IC 6-3.5-6 and IC 6-3.5-8. Revenue in a county's**
 23 **special account on January 1, 2009, and money collected after**
 24 **December 31, 2008, from an economic development tax shall be**
 25 **deposited in the county's special account under IC 6-3.5-6-16 and**
 26 **used for the purposes of IC 6-3.5-6-42 through IC 6-3.5-6-49 and,**
 27 **to the extent provided in IC 6-3.5-8-19.5, the purposes of**
 28 **IC 6-3.5-8. The amount of the certified distribution certified under**
 29 **section 11 of this chapter on August 2, 2008, shall be treated after**
 30 **December 31, 2008, as part of the certified distribution under**
 31 **IC 6-3.5-6.**
 32 SECTION 65. IC 6-3.5-8-0.5 IS ADDED TO THE INDIANA
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS
 34 [EFFECTIVE JANUARY 1, 2008]: **Sec. 0.5. (a) This chapter applies**
 35 **only to a municipality.**
 36 **(b) The purpose of this chapter is to provide larger cities with**
 37 **an alternative source of revenue that supplements the revenue**
 38 **raised from property taxes.**
 39 **(c) The general assembly finds that cities that have a population**
 40 **of at least twenty thousand (20,000) have a sufficient tax base to**
 41 **raise the same revenue that the cities could receive under a**
 42 **countywide income tax without imposing a substantial burden on**

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1 **municipal taxpayers or adversely affecting the holders of**
 2 **obligations to whom the municipalities have pledged the**
 3 **municipality's share of county adjusted gross income taxes, county**
 4 **option income taxes, or county economic development taxes.**

5 SECTION 66. IC 6-3.5-8-6 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. As used in this
 7 chapter, "municipality" ~~has the meaning set forth in IC 36-1-2-11;~~
 8 **means a city with a population (as determined in conformity with**
 9 **IC 1-1-3.5-5(b)) of at least twenty thousand (20,000) on January 1**
 10 **of a year. For purposes of applying this section to a consolidated**
 11 **city, the boundaries of the city shall be treated as the boundaries of**
 12 **the city on the date the city became a consolidated city.**

13 SECTION 67. IC 6-3.5-8-9 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. (a) Except as
 15 provided in ~~subsections subsection (c), and (d), and in section 12(c) of~~
 16 ~~this chapter;~~ the fiscal body of a municipality ~~located in a qualifying~~
 17 ~~county~~ may impose a municipal option income tax, which consists of
 18 a tax on the adjusted gross income of municipal taxpayers of the
 19 municipality. ~~If the tax is imposed, the tax takes effect~~

20 ~~(1) September 1, 2001, if the fiscal body adopts an ordinance to~~
 21 ~~impose the tax before July 1, 2001; or~~

22 ~~(2) July 1 of the year that the ordinance imposing the tax is~~
 23 ~~adopted; if the ordinance is adopted in 2002 or a later calendar~~
 24 ~~year.~~

25 (b) A municipal fiscal body shall hold a public hearing on the
 26 proposed ordinance before adopting an ordinance under subsection (a).
 27 The municipal fiscal body shall give public notice of the public hearing
 28 under IC 5-3-1.

29 (c) A fiscal body may not impose a municipal option income tax
 30 under subsection (a) for a period in which the county adjusted gross
 31 income tax, the county option income tax, or the economic
 32 development income tax is in effect in the qualifying county in which
 33 the municipality is located.

34 ~~(d) A fiscal body may not impose a municipal option income tax for~~
 35 ~~a calendar year that begins after December 31, 2005.~~

36 SECTION 68. IC 6-3.5-8-10 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 10. ~~(a)~~ The
 38 ~~maximum rate of the municipal option income tax~~ **may be** imposed on
 39 a resident municipal taxpayer under this chapter is ~~one percent (1%);~~
 40 **in any increment of one hundredth percent (0.01%). If a municipal**
 41 **option income tax is imposed on resident municipal taxpayers, the**
 42 **municipal option income tax must be imposed on municipal option**

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1 **income taxpayers who are not resident municipal county taxpayer.**
 2 The maximum rate of the municipal option income tax **must be**
 3 imposed on all other municipal taxpayers under this chapter is ~~one-half~~
 4 **at a tax rate that is twenty-five percent (0.5%): (25%) of the tax rate**
 5 **imposed on municipal taxpayers, rounded to the nearest one**
 6 **hundredth percent (0.01%).**

7 (b) A municipal option income tax imposed under this chapter
 8 applies to resident municipal taxpayers and all other municipal
 9 taxpayers. The municipal option income tax rate in effect for the
 10 municipal taxpayers of a municipality who are not resident municipal
 11 taxpayers of that municipality is at all times one-half (1/2) of the tax
 12 rate imposed upon resident municipal taxpayers.

13 SECTION 69. IC 6-3.5-8-11 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. (a) ~~To impose~~
 15 a municipal option income tax to take effect September 1, 2001, the
 16 fiscal body of a municipality in a qualifying county must adopt an
 17 ordinance before July 1, 2001. The ordinance must substantially state
 18 the following:

19 "The _____ Fiscal Body imposes the municipal option income
 20 tax on the municipal taxpayers of _____ (insert name of
 21 municipality). The income tax is imposed at a rate of _____
 22 percent (____%) on the resident municipal taxpayers of the
 23 municipality and at a rate of _____ percent (____%) on all other
 24 municipal taxpayers. The income tax takes effect September 1,
 25 2001."

26 (b) An ordinance adopted under subsection (a) takes effect
 27 September 1, 2001.

28 (c) (a) To impose a municipal option income tax, in 2002 or in a
 29 later year, the fiscal body of a municipality that does not adopt an
 30 ordinance under subsection (a) must, after February 15 **January 1** but
 31 before ~~May~~ **April** 1 of a year, adopt an ordinance. The ordinance must
 32 substantially state the following:

33 "The _____ Fiscal Body imposes the municipal option income
 34 tax on the municipal taxpayers of _____ (insert name of
 35 municipality). The income tax is imposed at a rate of _____
 36 percent (____%) on the resident municipal taxpayers of the
 37 municipality and at a rate of _____ percent (____%) on all other
 38 municipal taxpayers. The income tax takes effect July 1 of this
 39 year."

40 (d) (b) An ordinance adopted under ~~subsection (c)~~ **this section** takes
 41 effect July 1 of the year the ordinance is adopted.

42 SECTION 70. IC 6-3.5-8-11.5 IS ADDED TO THE INDIANA

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1 CODE AS A NEW SECTION TO READ AS FOLLOWS
2 [EFFECTIVE JANUARY 1, 2008]: **Sec. 11.5. (a) This section applies**
3 **to:**

4 (1) a county in which a municipality is located, if the county
5 had a county option income tax or county economic
6 development income tax, or both, in effect on September 1,
7 2008; and

8 (2) each municipality in a county described in subdivision (1).

9 (b) As used in this section, "county option and economic
10 development income tax distributions" refers to distributions
11 under the following:

12 (1) IC 6-3.5-6-18(i).

13 (2) IC 6-3.5-6-18(j).

14 (3) IC 6-3.5-6-38.

15 (4) IC 6-3.5-7-12.

16 (5) IC 6-3.5-7-15.

17 (c) A municipality shall be treated as imposing a municipal
18 option tax effective January 1, 2008. On January 1, 2008, the tax
19 rates imposed for county option and economic development
20 distributions are split into a municipal option income tax rate and
21 a county option income tax rate. The municipal option income tax
22 rate shall be imposed only against the adjusted gross income of
23 municipal taxpayers in the county. Only the county option income
24 tax rate, determined after deducting the municipal option income
25 tax rate, shall continue to be imposed against the adjusted gross
26 income of all county taxpayers. In the absence of an ordinance
27 changing the rates, the municipal option income tax rate in a
28 particular month is the tax rate determined under subsection (d).

29 (d) The initial tax rate for the municipal option income tax in
30 each municipality in a county is the tax rate determined under
31 STEP SIX of the following formula:

32 **STEP ONE:** Determine the part of the county option income
33 tax rate and the economic development income tax rate in
34 effect in the county on September 1, 2008 that was imposed to
35 provides county option and economic development income tax
36 distributions, in the form of a general decimal number and
37 not a percentage.

38 **STEP TWO:** Determine the part of the certified distribution
39 for the county for 2008 that is available for county option and
40 economic development income tax distributions, after
41 eliminating the effects of any temporary adjustments made by
42 the department under IC 6-3.5-6-17 or IC 6-3.5-7-11.

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1 **STEP THREE: Determine the part of the STEP TWO amount**
 2 **to which the municipalities in the county are entitled. In**
 3 **applying this STEP to Marion County, the share distributed**
 4 **to the consolidated city shall be split amount the civil taxing**
 5 **units or units whose shares are distributed to the consolidated**
 6 **city, as determined by the department of local government**
 7 **finance.**

8 **STEP FOUR: Divide the STEP THREE amount by the STEP**
 9 **TWO amount, rounded to the nearest ten thousandth**
 10 **(0.0001).**

11 **STEP FIVE: Multiply the STEP ONE amount by the STEP**
 12 **FOUR amount, rounded to the nearest ten thousandth**
 13 **(0.0001).**

14 **STEP SIX: For the period:**

15 **(A) beginning January 1, 2008, and ending June 30, 2009,**
 16 **the STEP FIVE result multiplied by five tenths (0.5),**
 17 **rounded to the nearest ten thousandth (0.0001) and**
 18 **converted to a percentage; and**

19 **(B) beginning July 1, 2009, and thereafter, the STEP FIVE**
 20 **result.**

21 **(e) Beginning January 1, 2008, the county option income tax**
 22 **rate imposed on resident county taxpayers in a county in which a**
 23 **municipal option income tax rate is imposed is reduced to the**
 24 **greater of zero (0) or the result determined by subtracting the**
 25 **county municipal option income tax imposed under this section in**
 26 **each municipality in the county in 2008, multiplied by a fraction.**
 27 **The numerator of the fraction is the certified distribution**
 28 **distributed in the county under IC 6-3.5-6-18 and IC 6-3.5-6-18.5**
 29 **in 2007. The denominator is the sum of the certified distribution**
 30 **distributed in the county under IC 6-3.5-6-18, IC 6-3.5-6-18.5, and**
 31 **IC 6-3.5-7-12 in 2007. Beginning January 1, 2008, the county**
 32 **economic development income tax rate imposed on resident county**
 33 **taxpayers in a county in which a municipal option income tax is**
 34 **imposed is reduced to the greater of zero (0) or the result**
 35 **determined by subtracting the amount by which the county option**
 36 **income tax rate is reduced under this section from the municipal**
 37 **option income tax rate imposed under this section in each**
 38 **municipality in the county.**

39 **(f) Beginning July 1, 2009, the county option income tax rate in**
 40 **each county in which a municipal option income tax rate is**
 41 **imposed under this section is reduced again by a rate equal to the**
 42 **increase in the municipal option income tax rate that this section**

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1 **provides for beginning on July 1, 2009.**

2 SECTION 71. IC 6-3.5-8-13 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) The fiscal
4 body of a municipality may increase or decrease the rate of a municipal
5 option income tax. To increase or decrease the rate, the fiscal body
6 must, after January 1 but before ~~May~~ **April** 1 of a year, adopt an
7 ordinance. The ordinance must substantially state the following:

8 "The _____ Fiscal Body increases (or decreases) the rate of
9 the municipal option income tax. The tax rate with respect to
10 resident municipal taxpayers is increased (or decreased) from
11 (insert current rate) to (insert proposed rate). The tax rate with
12 respect to all other municipal taxpayers is increased (or
13 decreased) from (insert current rate) to (insert proposed rate).
14 This tax rate increase (or decrease) takes effect July 1 of this
15 year.".

16 (b) A fiscal body shall hold a public hearing on the proposed
17 ordinance before adopting an ordinance under subsection (a). The
18 municipal fiscal body shall give public notice of the public hearing
19 under IC 5-3-1.

20 (c) An ordinance adopted under this section takes effect July 1 of
21 the year the ordinance is adopted.

22 SECTION 72. IC 6-3.5-8-14 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 14. (a) A
24 municipal option income tax imposed by a fiscal body under this
25 chapter remains in effect until ~~the earlier of:~~

- 26 ~~(1) the date the tax is increased, decreased, or rescinded. or~~
27 ~~(2) December 31, 2005.~~

28 (b) A fiscal body may rescind the municipal option income tax by
29 adopting an ordinance to rescind the tax after January 1 but before ~~June~~
30 **April** 1 of a year.

31 (c) A fiscal body shall hold a public hearing on the proposed
32 ordinance before adopting an ordinance under subsection (b). The
33 municipal fiscal body shall give public notice of the public hearing
34 under IC 5-3-1.

35 (d) An ordinance adopted under this section takes effect July 1 of
36 the year the ordinance is adopted.

37 SECTION 73. IC 6-3.5-8-18 IS AMENDED TO READ AS
38 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 18. (a) Revenue
39 derived from the imposition of a municipal option income tax shall, in
40 the manner prescribed by this section, be distributed to the municipality
41 that imposed the tax. ~~The amount that is to be distributed to a~~
42 ~~municipality during an ensuing calendar year equals the amount of~~

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1 municipal option income tax revenue that the department, after
 2 reviewing the recommendation of the budget agency, estimates will be
 3 received from that municipality during the twelve (12) month period
 4 beginning July 1 of the immediately preceding calendar year and
 5 ending June 30 of the ensuing calendar year.

6 (b) **Except as provided in section 19.5 of this chapter**, before June
 7 ~~16~~ **August 2** of each calendar year, the department, after reviewing the
 8 recommendation of the budget agency, shall ~~estimate and~~ certify to
 9 each adopting municipality and to the county auditor of the qualifying
 10 **each county in which the adopting municipality is located the sum**
 11 **of the** amount of municipal option income tax revenue that will be
 12 collected from that municipality during the twelve (12) month period
 13 beginning July 1 of that calendar year and ending June 30 of the
 14 immediately succeeding calendar year. ~~the department determines~~
 15 **has been:**

16 (1) received from that municipality for a taxable year ending
 17 before the calendar year in which the determination is made;
 18 and

19 (2) reported on an annual return or amended return
 20 processed by the department in the state fiscal year ending
 21 before July 1 of the calendar year in which the determination
 22 is made;

23 **as adjusted (determined after review of the recommendation of the**
 24 **budget agency) for refunds of county economic development**
 25 **income tax made in the state fiscal year plus the amount of interest**
 26 **in the county's account that has been accrued and has not been**
 27 **included in a certification made in a preceding year.** The amount
 28 certified is the municipality's "certified distribution" for the
 29 immediately succeeding calendar year. The amount certified ~~may~~ **shall**
 30 be adjusted under subsection (c), ~~or~~ (d), and (e). **The department**
 31 **shall provide the adopting municipality with the certification an**
 32 **informative summary of the calculations used to determine the**
 33 **certified distribution.**

34 (c) The department ~~may~~ **shall** certify to an adopting municipality an
 35 amount that is greater ~~less~~ than the estimated twelve (12) month
 36 revenue collection if the department, after reviewing the
 37 recommendation of the budget agency, determines that there will be a
 38 greater amount of revenue available for distribution from the
 39 municipality's account established under section 19 of this chapter:
 40 **amount determined under subsection (b) if the department, after**
 41 **reviewing the recommendation of the budget agency, determines**
 42 **that the reduced distribution is necessary to offset overpayments**

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1 made in a calendar year before the calendar year of the
 2 distribution. The department, after reviewing the recommendation
 3 of the budget agency, may reduce the amount of the certified
 4 distribution over several calendar years so that any overpayments
 5 are offset over several years rather than in one (1) lump sum.

6 (d) After reviewing the recommendation of the budget agency,
 7 the department shall adjust the certified distribution of an
 8 adopting municipality to correct for any clerical or mathematical
 9 errors made in any previous certification under this section. The
 10 department, after reviewing the recommendation of the budget
 11 agency, may reduce the amount of the certified distribution over
 12 several calendar years so that any adjustment under this
 13 subsection is offset over several years rather than in one (1) lump
 14 sum.

15 (e) This subsection applies to an adopting municipality that:

16 (1) initially imposed the municipal option income tax; or

17 (2) increases the municipal option income rate;

18 under this chapter in the same calendar year in which the
 19 department makes a certification under this section. The
 20 department, after reviewing the recommendation of the budget
 21 agency, shall adjust the certified distribution of an adopting
 22 municipality to provide for a distribution in the immediately
 23 following calendar year and in each calendar year thereafter. The
 24 department shall provide for a full transition to certification of
 25 distributions as provided in subsection (b)(1) through (b)(2) in the
 26 manner provided in subsection (c).

27 ~~(d)~~ (f) The department may certify an amount less than the
 28 estimated twelve (12) month revenue collection if the department, after
 29 reviewing the recommendation of the budget agency, determines that
 30 a part of those collections needs to be distributed during the current
 31 calendar year so that the municipality will receive its full certified
 32 distribution for the current calendar year.

33 ~~(e)~~ (g) One-twelfth (1/12) of each adopting municipality's certified
 34 distribution for a calendar year shall be distributed from its account
 35 established under section 19 of this chapter to the appropriate
 36 municipality on the first day of each month of that calendar year.

37 ~~(f)~~ (h) All distributions from an account established under section
 38 19 of this chapter shall be made by warrants issued by the auditor of
 39 state to the treasurer of state ordering the appropriate payments.

40 SECTION 74. IC 6-3.5-8-19.5 IS ADDED TO THE INDIANA
 41 CODE AS A NEW SECTION TO READ AS FOLLOWS
 42 [EFFECTIVE JANUARY 1, 2008]: **Sec. 19.5. (a) On January 1,**

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1 2008, the part of:

2 (1) a county's certified distribution under IC 6-3.5-6 that a
3 municipality in the county is entitled to receive in 2008 under
4 IC 6-3.5-6-18(i), IC 6-3.5-6-18(j), or IC 6-3.5-6-38; and

5 (2) a county's certified distribution under IC 6-3.5-7 that a
6 municipality in the county is entitled to receive in 2008 under
7 IC 6-3.5-7-12 and IC 6-3.5-7-15;

8 shall be transferred to the municipality's special account under
9 section 19 of this chapter. The amount of the certified distribution
10 for 2008 that the department certifies for a municipality under
11 section 18 of this chapter shall be based on the department's
12 estimate of the amount transferred under this subsection.

13 (b) On January 1, 2009, January 1, 2010, and January 1, 2011,
14 the part of a county's certified distribution under IC 6-3.5-6 that
15 a municipality in the county is entitled to receive in that year under
16 IC 6-3.5-6-18(i), IC 6-3.5-6-18(j), IC 6-3.5-6-38, or IC 6-3.5-6-42
17 shall be transferred to the municipality's special account under
18 section 19 of this chapter. The amount of the certified distribution
19 for that year that the department certifies for a municipality under
20 section 18 of this chapter shall include the amount transferred
21 under this subsection.

22 (c) In applying this section to Marion County, the share
23 distributed to the consolidated city shall be split amount the civil
24 taxing units or units whose shares are distributed to the
25 consolidated city, as determined by the department of local
26 government finance.

27 SECTION 75. IC 6-3.5-8-20 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 20. (a) The
29 department of local government finance shall each year reduce the
30 general fund property tax levy of a municipality receiving a distribution
31 under this chapter in that year. The municipality's general fund property
32 tax levy shall be reduced by the amount of the distribution received or
33 to be received by the municipality during the year. The department of
34 local government finance shall certify to the auditor of the qualifying
35 county the property tax rate applicable to the municipality's general
36 fund after the property tax reduction under this section.

37 (b) A municipality shall treat a **certified** distribution that the
38 municipality receives or is to receive during a particular calendar year
39 as a part of the municipality's property tax levy for the general fund for
40 that same calendar year for purposes of fixing the municipality's budget
41 and for purposes of the property tax levy limits imposed by
42 IC 6-1.1-18.5. However, the distributions shall not reduce the total

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1 county tax levy that is used to compute the state property tax
 2 replacement credit under IC 6-1.1-21. In addition, for purposes of
 3 computing and distributing any excise taxes or income taxes in which
 4 the distribution is based on property taxes, the distributions shall be
 5 treated as though they were property taxes that were due and payable
 6 during that same calendar year.

7 (c) A municipality may use distributions received under this chapter
 8 for any purpose for which the municipality may use property tax
 9 revenues: as additional revenue. The municipality may use the
 10 certified distribution for and economic development or
 11 governmental purpose, including:

- 12 (1) property tax relief;
- 13 (2) capital and operating expenditures for governmental
 14 services;
- 15 (3) transfer of any part of the certified distribution for a
 16 governmental purpose or the purpose of providing a
 17 municipal utility or public transportation;
- 18 (4) transfer of any part of the certified distribution to a
 19 private entity to fulfill an economic development purpose;
- 20 (5) pooling any part of the certified distribution with another
 21 entity for a governmental or economic development purpose;
 22 or
- 23 (6) any other purpose for which county option income tax or
 24 county economic development income tax could be used in
 25 2008.

26 SECTION 76. IC 6-3.5-8-26 IS ADDED TO THE INDIANA CODE
 27 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 28 JANUARY 1, 2008]: **Sec. 26. (a) A municipality may pledge any
 29 revenues received from a tax imposed under this article in
 30 accordance with IC 5-1-14. If a municipality has outstanding
 31 obligations that are payable from a municipal option income tax
 32 imposed under this chapter, the municipal option income tax may
 33 not be decreased below a rate that would produce one and
 34 twenty-five hundredths (1.25) times the total of the highest annual
 35 payment requirements due from municipal option income tax on
 36 those obligations to their final maturity.**

37 (b) For purposes of this section, the determination of a tax rate
 38 sufficient to produce one and twenty-five hundredths (1.25) times
 39 the total of the highest annual payment requirements shall be
 40 based on an average of the collections from the municipal option
 41 income tax for the immediately preceding three (3) years, if the tax
 42 has been imposed for the last preceding three (3) years. If the

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1 municipal option income tax has not been imposed for the last
 2 preceding three (3) years, the income tax may not be reduced
 3 below a rate that would produce one and twenty-five hundredths
 4 (1.25) times the total of the highest annual payment requirements
 5 due from municipal option income tax on those obligations, based
 6 upon a study by a qualified accountant or financial adviser.

7 (c) For purposes of this section, a pledge made by a municipality
 8 or any component unit of a municipality to use, after December 31,
 9 2008, the municipality's certified shares under IC 6-3.5-1.1-15,
 10 distributive shares under IC 6-3.5-6-18 or IC 6-3.5-6-18.5,
 11 economic development shares under IC 6-3.5-6-42 through
 12 IC 6-3.5-6-49, or a certified distribution under IC 6-3.5-7 to pay
 13 debt service, lease rentals, or other obligations shall be treated as
 14 a pledge of the municipality's municipal option income tax to the
 15 extent that insufficient revenue is received by the municipality
 16 under IC 6-3.5-6 to meet the obligation.

17 (d) An ordinance adopted under IC 6-3.5-6 or IC 6-3.5-7 before
 18 January 1, 2008, to designate part of a certified distribution that is
 19 attributable to a tax rate transferred to this chapter to a particular
 20 use shall be treated as applying to certified distributions under this
 21 chapter to the same extent as if the ordinance were adopted under
 22 this chapter.

23 SECTION 77. IC 20-46-3-6, AS ADDED BY P.L.2-2006,
 24 SECTION 169, IS AMENDED TO READ AS FOLLOWS
 25 [EFFECTIVE JANUARY 1, 2008]: Sec. 6. Subject to
 26 ~~IC 6-1.1-18.5-9-9~~, The tax control board may recommend to the
 27 department of local government finance that a school corporation be
 28 allowed to establish a levy. The amount of the levy shall be determined
 29 each year and the levy may not exceed the lesser of the following:

30 (1) The revenue derived from a tax rate of eight and thirty-three
 31 hundredths cents (\$0.0833) for each one hundred dollars (\$100)
 32 of assessed valuation within the school corporation.

33 (2) The revenue derived from a tax rate equal to the difference
 34 between the maximum rate allowed for the school corporation's
 35 capital projects fund under IC 20-46-6 minus the actual capital
 36 projects fund rate that will be in effect for the school corporation
 37 for a particular year.

38 SECTION 78. IC 20-46-6-5, AS AMENDED BY P.L.154-2006,
 39 SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JANUARY 1, 2008]: Sec. 5. Subject to IC 6-1.1-18-12, ~~and~~
 41 ~~IC 6-1.1-18.5-9-9~~, to provide for the fund, the governing body may, for
 42 each year in which a plan is in effect, impose a property tax rate that

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1 does not exceed forty-one and sixty-seven hundredths cents (\$0.4167)
 2 on each one hundred dollars (\$100) of assessed valuation of the school
 3 corporation. The actual rate imposed by the governing body must be
 4 advertised in the same manner as other property tax rates.

5 SECTION 79. IC 36-1-8-5.1 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5.1. (a) A political
 7 subdivision may establish a rainy day fund by the adoption of:

- 8 (1) an ordinance, in the case of a county, city, or town; or
 9 (2) a resolution, in the case of any other political subdivision.

10 (b) An ordinance or a resolution adopted under this section must
 11 specify the following:

- 12 (1) The purposes of the rainy day fund.
 13 (2) The sources of funding for the rainy day fund, which may
 14 include the following:

15 (A) Unused and unencumbered funds under:

- 16 (i) section 5 of this chapter;
 17 ~~(ii) IC 6-3.5-1.1-21.1;~~
 18 ~~(iii) (ii) IC 6-3.5-6-17.3; or~~
 19 ~~(iv) (iii) IC 6-3.5-7-17.3; or~~
 20 **(iv) IC 6-3.5-8-20.**

21 (B) Any other funding source:

- 22 (i) specified in the ordinance or resolution adopted under
 23 this section; and
 24 (ii) not otherwise prohibited by law.

25 (c) The rainy day fund is subject to the same appropriation process
 26 as other funds that receive tax money.

27 (d) In any fiscal year, a political subdivision may transfer under
 28 section 5 of this chapter not more than ten percent (10%) of the
 29 political subdivision's total annual budget for that fiscal year, adopted
 30 under IC 6-1.1-17, to the rainy day fund.

31 (e) A political subdivision may use only the funding sources
 32 specified in subsection (b)(2)(A) or in the ordinance or resolution
 33 establishing the rainy day fund. The political subdivision may adopt a
 34 subsequent ordinance or resolution authorizing the use of another
 35 funding source.

36 (f) The department of local government finance may not reduce the
 37 actual or maximum permissible levy of a political subdivision as a
 38 result of a balance in the rainy day fund of the political subdivision.

39 SECTION 80. THE FOLLOWING ARE REPEALED [EFFECTIVE
 40 JANUARY 1, 2008]: IC 6-1.1-12-41; IC 6-1.1-18.5-9.9;
 41 IC 6-3.5-1.1-2.3; IC 6-3.5-1.1-2.5; IC 6-3.5-1.1-2.7; IC 6-3.5-1.1-2.8;
 42 IC 6-3.5-1.1-2.9; IC 6-3.5-1.1-3.3; IC 6-3.5-1.1-3.5; IC 6-3.5-1.1-3.6;

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1 IC 6-3.5-1.1-19; IC 6-3.5-1.1-22; IC 6-3.5-1.1-23; IC 6-3.5-6-2;
2 IC 6-3.5-6-3; IC 6-3.5-6-4; IC 6-3.5-6-5; IC 6-3.5-6-6; IC 6-3.5-6-11;
3 IC 6-3.5-6-13; IC 6-3.5-7-22; IC 6-3.5-7-22.5; IC 6-3.5-7-23;
4 IC 6-3.5-7-24; IC 6-3.5-7-25; IC 6-3.5-7-25.5; IC 6-3.5-7-26;
5 IC 6-3.5-7-27; IC 6-3.5-8-7; IC 6-3.5-8-12.

6 SECTION 81. [EFFECTIVE JANUARY 1, 2008] **After December**
7 **31, 2007, a reference in any law, rule, or other document to a**
8 **provision of IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7 that is repealed**
9 **or amended by this act shall be treated as a reference to a**
10 **substantially similar provision added or amended by this act. The**
11 **legislative council shall provide for the introduction of legislation**
12 **in the 2008 session to change references in Indiana laws to bring**
13 **the laws into conformity with this act.**

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