COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Homeland Security, Transportation and Veterans Affairs, to which was referred House Bill No. 1607, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 6-8.1-1-1, AS AMENDED BY P.L.131-2008, SECTION 27, AS AMENDED BY P.L.146-2008, SECTION 358, AND AS AMENDED BY P.L.95-2008, SECTION 15, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); *the type II gambling game excise tax (IC 4-36-9);* the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility services use taxes (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); ~~*the municipal option income tax (IC 6-3.5-8);*~~ the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under

IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); *the excise tax imposed on recreational vehicles and truck campers (IC 6-6-5.1);* the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); **the regional transportation improvement income tax (IC 8-24-17);** the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 2. IC 8-24 IS ADDED TO THE INDIANA CODE AS A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

ARTICLE 24. NORTHERN INDIANA REGIONAL TRANSPORTATION DISTRICT

Chapter 1. Purpose; Definitions

Sec. 1. The purpose of this article is to provide a flexible means of planning, designing, acquiring, constructing, enlarging, improving, renovating, maintaining, equipping, financing, operating, and supporting public transportation systems that can be adapted to the unique circumstances existing in northern Indiana.

Sec. 2. The definitions in this chapter apply throughout this article.

Sec. 3. "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5(a), except that in the case of a county taxpayer who is not a resident of a member county, the term includes only adjusted gross income derived from the individual's principal place of business or employment.

Sec. 4. "Board" refers to the regional transportation board established under IC 8-24-4 for the district.

Sec. 5. "Bonds" means, except as otherwise provided, bonds, notes, or other evidences of indebtedness issued by the district.

Sec. 6. "Bus service board" refers to the bus service board established by IC 8-24-6.

Sec. 7. "Bus service division" refers to the bus service division established by IC 8-24-2.

Sec. 8. "Commuter rail service board" refers to the board of trustees of the northern Indiana commuter transportation district.

Sec. 9. "Commuter rail service division" refers to the northern Indiana commuter transportation district.

Sec. 10. "County taxpayer", as it relates to a county for a year under IC 8-24-17, means any individual who:

(1) resides in a member county on the date specified in IC 8-24-17-11; or

(2) maintains a principal place of business or employment in that county on the date specified in IC 8-24-17-11.

Sec. 11. "District" refers to the northern Indiana regional transportation district established under IC 8-24-2.

Sec. 12. "District territory" refers to the area served by the district.

Sec. 13. "Executive director" refers to the executive director of the district.

Sec. 14. "Improvement tax" refers to the tax that may be imposed under IC 8-24-17.

Sec. 15. "Member county" means a county that is located in the district territory of the district.

Sec. 16. "Project" refers to an action taken to:

(1) plan;

(2) design;

(3) acquire;

(4) construct;

(5) enlarge;

(6) improve;

(7) renovate;

(8) maintain;

(9) equip; or

(10) operate;

a public transportation system.

Sec. 17. "Public transportation agency" has the meaning set forth in IC 36-9-1-5.5.

Sec. 18. "Public transportation system" means any common carrier of passengers for hire.

Sec. 19. "Service division" refers to the commuter rail service division or the bus service division.

Sec. 20. "Service board" refers to the governing body of the commuter rail service division or the bus service division.

Chapter 2. Establishment

Sec. 1. The northern Indiana regional transportation district with a rail service division and a bus service division is established for all of the incorporated and unincorporated territory in the following counties:

(1) Lake County.

(2) LaPorte County.

(3) Porter County.

(4) St. Joseph County.

Sec. 2. The district shall do the following:

(1) Set goals, objectives, and standards for the district and the service boards in the district territory.

(2) Coordinate the provision of public transportation and the investment in public transportation facilities to enhance the integration of public transportation throughout the district territory in conformity with this article.

(3) Adopt plans that implement the public policy of the state to provide adequate, efficient, and coordinated public transportation throughout the district territory.

(4) Impose the improvement tax and other money received by the district to fund public transportation systems provided by the district's service divisions.

(5) Enter into financing arrangements to establish, improve, and maintain public transportation facilities operated by the district service divisions.

(6) Carry out the centralized services requested by the service divisions.

(7) Develop performance measures to inform the public about the extent to which the provision of public transportation in the district territory meets the goals, objectives, and standards for the district and service boards.

Sec. 3. Each service division of the district shall:

(1) on a continuing basis determine the level, nature, and kind of public transportation that should be provided for the district territory in order to meet the plans, goals, objectives, and standards adopted by the district; and

(2) provide and operate public transportation systems within the scope of the responsibilities of each service division.

Sec. 4. The northern Indiana commuter transportation district established under IC 8-5-15 is the commuter rail service division of the district to carry out the purposes of the northern Indiana commuter transportation district.

Sec. 5. A bus service division of the district is established to provide a public transportation system with the primary objective of transporting passengers over public highways, streets, and roads in the district territory.

Sec. 6. On January 1, 2010, subject to this article, the rights, powers, duties, personnel, liabilities, and obligations of the following entities operating in the incorporated or unincorporated areas of a member county are transferred to the bus service division:

(1) An automated transit district established under IC 8-9.5-7.

(2) A regional transportation authority established under IC 36-9-3-2.

(3) A regional bus authority under IC 36-9-3-2(c).

(4) A public transportation corporation established under IC 36-9-4.

Sec. 7. On January 1, 2010, subject to this article, the rights, powers, duties, personnel, liabilities, and obligations of a municipality to:

(1) provide a public transportation system in or outside the municipality to transport passengers or property over a public highway, street, or road; and

(2) establish and fund a public transportation agency (as defined in IC 36-9-1-5.5);

are transferred to the bus service division.

Sec. 8. A transfer of powers under section 6 or 7 of this chapter to the bus service division authorizes the bus service division to impose a property tax only to the extent that the property tax has been pledged before January 1, 2010, to pay for bonds, loans, other obligations, or lease rentals related to a public transportation system. The property tax may be imposed only in the area in which the property tax could have been imposed before January 1, 2010.

Sec. 9. The power of an entity from which a transfer of powers is made under section 6 or 7 of this chapter to impose a property tax to fund a public transportation system transferred to a service division or a public transportation agency (as defined in IC 36-9-1-5.5) terminates on July 1, 2010. Any delinquent property taxes imposed by the entity before January 1, 2010, and collected after December 31, 2009, from levies attributable to an appropriation for a public transportation system transferred to the bus service division or for a public transportation agency (as defined in IC 36-9-1-5.5) shall be distributed to the bus service division.

Chapter 3. Status

Sec. 1. The district is a body corporate and politic. The district is separate from the state and any other political subdivision, but the exercise by the district of its powers is an essential governmental function.

Sec. 2. A service division is a body corporate and politic. A service division is separate from the state and any other political subdivision, but the exercise by the service division of its powers is an essential governmental function.

Sec. 3. A pledge or mortgage of the district does not create an obligation of the state or a political subdivision within the meaning of the Constitution of the State of Indiana or any statute.

Sec. 4. All:

(1) property owned by the district or a service division;

(2) revenue of the district or service division; and

(3) bonds issued by the district, the interest on the bonds, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of interest in proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a state inheritance tax imposed under IC 6-4.1.

Sec. 5. All securities issued under this article are exempt from the registration requirements of IC 23-19 and other securities registration statutes.

Sec. 6. (a) This section does not apply to commuter rail or interstate public transportation service.

(b) Service provided by the district or a service division within the territory of the district is exempt from regulation by the department of state revenue under IC 8-2.1. This exemption applies to transportation services provided by the district or a service division directly or by grants or purchase of service agreements.

(c) Service provided by the district or a service division by contract or service agreements outside the territory of the district is subject to regulation by the department of state revenue under IC 8-2.1.

(d) Judicial review of a decision by the district may be obtained in the manner prescribed by IC 4-21.5-5.

Chapter 4. District Board

Sec. 1. The power to govern the district is vested in a regional

transportation board.

Sec. 2. (a) The board is composed of the following nine (9) members:

(1) Four (4) members, one (1) from each member county, each of whom is a county commissioner, appointed by that county's board of county commissioners.

(2) Four (4) members, one (1) from each member county, each of whom is the president of that county's county council or another council member designated by the president as a board member.

(3) One (1) member, who must be an elected official in a member county, appointed by the governor.

(b) If an appointing authority fails to make the required appointment to the board within sixty (60) days after a vacancy exists on the board, the appointment shall be made by the governor from the individuals eligible to fill the position.

Sec. 3. (a) A board member shall serve for a term of two (2) years from the beginning of the term for which the member was appointed and until a successor has qualified for the office.

(b) Each board member shall serve at the pleasure of the appointing authority but is eligible for reappointment for successive terms.

Sec. 4. (a) A majority of the board members constitutes a quorum for a meeting.

(b) The board member appointed by the governor shall serve as board chairperson. However, the chairperson may not vote except to break a tie vote by the other members. The members of the board shall elect the following officers for a one (1) year term:

(1) A vice chairperson.

(2) A secretary.

(3) A treasurer.

(c) The affirmative votes of at least a majority of the board members are necessary to authorize any action of the district.

Sec. 5. The board shall meet at least quarterly.

Sec. 6. The board chairperson or any two (2) members may call a meeting of the board. The chairperson shall call the initial meeting of the board for a date that is not more than thirty (30) days after the board is initially established.

Sec. 7. The board may adopt the bylaws and rules that the board considers necessary for the proper conduct of the board's duties and the safeguarding of the district's funds and property.

Sec. 8. A board member is not entitled to receive compensation

for performance of the member's duties. However, a board member is entitled to a per diem from the district for the member's participation in board meetings. The amount of the per diem is equal to the amount of the per diem provided under IC 4-10-11-2.1(b).

Chapter 5. Commuter Rail Service Board; Commuter Rail Service Division

Sec. 1. The board of trustees of the northern Indiana commuter transportation district is the service board for the commuter rail division.

Sec. 2. IC 8-5-15 applies to the membership, powers, and operation of the commuter rail service board.

Sec. 3. Subject to this article, the board of trustees of the northern Indiana commuter transportation district has the following powers:

(1) The powers granted by IC 8-5-15 or any other law to the board of trustees of a commuter transportation district established under IC 8-5-15.

(2) The powers granted to a commuter rail service board under this article.

Sec. 4. The commuter rail division shall operate under the name northern Indiana commuter rail district and has the following powers:

(1) The powers granted by IC 8-5-15 or any other law to a commuter transportation district established under IC 8-5-15.

(2) The powers granted to a commuter rail service division under this article.

Chapter 6. Bus Division Service Board; Bus Service Division

Sec. 1. A bus service board is established for the district. The bus service board is the governing body of the bus service division.

Sec. 2. (a) The bus service board is composed of the following eleven (11) members:

(1) Four (4) members, one (1) from each county that is a member of the district, appointed by that county's board of county commissioners.

(2) Four (4) members, one (1) from each county that is a member of the district, each of whom is the president of that county's county council or another council member designated by the president as a board member.

(3) One (1) member representing the rest of the state, appointed by the governor.

(4) One (1) passenger member appointed by the governor. The

member appointed under this subdivision must be selected from passengers who have submitted a letter of interest to the governor. To be considered for this position, a passenger must submit a letter of interest to the governor during a two (2) week period that begins sixty (60) days before the expiration of the term of the member appointed under this subdivision. A member of the board serving under this subdivision is not required to submit a letter of interest to be eligible for appointment to a successive term.

(5) One (1) member who is an employee of the bus service division, appointed by the governor from a list of names submitted by the labor unions representing the employees of the bus service division. Each labor union representing employees of the bus service division may submit one (1) name to be included on the list of names under this subdivision.

(b) A member of a bus service board must reside in the county appointing the member.

(c) A member of a bus service board serves at the pleasure of the appointing authority.

(d) If an appointing authority fails to make the required appointment to the board within sixty (60) days after a vacancy exists on the board, the appointment shall be made by the governor from the individuals eligible to fill the position.

Sec. 3. A member of a bus service board is not entitled to receive compensation for performance of the member's duties. However, a member of the bus service board is entitled to a per diem from the district for the member's participation in bus service board meetings. The amount of the per diem is equal to the amount of the per diem provided under IC 4-10-11-2.1(b).

Sec. 4. A majority of the members appointed to the bus service board constitutes a quorum for a meeting.

Sec. 5. The affirmative votes of at least a majority of the appointed members of the bus service board are necessary to authorize any action of the district.

Sec. 6. The bus service board shall elect a chairperson of the bus service board and any other officers that the bus service board determines appropriate.

Sec. 7. A bus service board shall meet at least quarterly.

Sec. 8. The chairperson of a bus service board or any two (2) members of the bus service board may call a meeting of the bus service board. The chairperson of the bus service board shall call

the initial meeting of the bus service board for a date that is not more than thirty (30) days after the bus service board is initially established.

Sec. 9. The bus service board may adopt those bylaws and rules that the bus service board considers necessary for the proper conduct of the bus service board's duties and the safeguarding of the district's funds and property.

Sec. 10. Subject to this article, the bus service board has the following powers:

(1) The powers granted by IC 36-9-3 or any other law to the bus service board of a regional transportation authority.

(2) The powers granted to the bus service board under this article.

Sec. 11. The bus service division has the following powers:

(1) The powers granted by IC 36-9-3 or any other law to a regional transportation authority to operate a bus public transportation system.

(2) The powers granted to the bus service division under this article.

Sec. 12. The powers of the bus service division may be exercised in any part of the district.

Sec. 13. Subject to this article, with the approval of the bus service board, the powers of the bus service division may be exercised in any part of the district.

Sec. 14. The bus service division shall operate in the manner provided for a regional transportation authority under IC 36-9-3, except that:

(1) this article applies if there is a conflict between this article and IC 36-9-3; and

(2) an action authorized or permitted under IC 36-9-3 (other than the appoint or removal of members of the bus service board) by the executive, fiscal body, or legislative body of a municipality or county shall be taken by the board.

Chapter 7. General Powers of the District

Sec. 1. The district shall exercise the powers granted to the district by this article to carry out the purposes of the district.

Sec. 2. The district may sue and be sued in the name of the district.

Sec. 3. The district may determine matters of policy regarding internal organization and operating procedures not specifically provided for by law.

Sec. 4. The district may employ the personnel necessary to carry

out the duties, functions, and powers of the district.

Sec. 5. The district may fix the compensation of the various officers and employees of the district, within the limitations of the total personal services budget.

Sec. 6. The district may adopt rules governing the duties of its officers, employees, and personnel, and the internal management of the affairs of the district.

Sec. 7. The district may protect all property owned or managed by the district and procure insurance against any losses in connection with its property, operations, or assets in amounts and from insurers as it considers desirable.

Sec. 8. Subject to this article, the district may contract with the Indiana finance authority (IC 4-4-11) to borrow money, make guaranties, issue bonds, and otherwise incur indebtedness for any of the district's purposes, and issue debentures, notes, or other evidences of indebtedness, whether secured or unsecured, to any person.

Sec. 9. The district may acquire real, personal, or mixed property by deed, purchase, or lease and dispose of it for use in connection with or for the purposes of the district, including supplies, materials, and equipment to carry out the duties and functions of the district.

Sec. 10. The district may receive gifts, donations, bequests, and public trusts, agree to conditions and terms accompanying them, and bind the district to carry them out.

Sec. 11. (a) The district may receive federal or state aid and administer that aid.

(b) The district may comply with federal statutes and rules concerning the expenditure of federal money for public transportation systems. The board may apply to state and federal agencies for grants for public transportation development, make or execute representations, assurances, and contracts, enter into covenants and agreements with any state or federal agency relative to public transportation systems, and comply with federal and state statutes and rules concerning the acquisition, development, operation, and administration of public transportation systems.

(c) The district may use money received by the district that is not pledged or restricted for another purpose to provide a local match required for the receipt of any federal funds.

Sec. 12. The district may adopt a schedule of reasonable charges and rents and collect them from all users of facilities and services within the jurisdiction of the district.

Sec. 13. The district may purchase public transportation services from public or private transportation agencies upon the terms and conditions set forth in purchase of service agreements between the district and the transportation agencies.

Sec. 14. The district may acquire, establish, construct, renovate, improve, equip, operate, maintain, finance, subsidize, lease, and regulate public transportation systems serving the district.

Sec. 15. Subject to section 8 of this chapter, the district may make, execute, and enforce contracts and all other instruments necessary, convenient, or desirable for the purposes of the district or pertaining to:

(1) a purchase, acquisition, or sale of securities or other investments related to a project; or

(2) the performance of the district's duties and execution of any of the districts's powers;

including public-private agreements (as defined in IC 5-23-2-13).

Sec. 16. The district may lease to others for development or operation all or any part of the property of the district on the terms and conditions as the board considers advisable.

Sec. 17. The district may invest money not immediately needed for a project as provided in a resolution, agreement, or trust agreement of the board.

Sec. 18. A district may enter into an agreement with another district or any other entity to:

(1) jointly equip, own, lease, and finance projects and facilities; or

(2) otherwise carry out the purposes of the district;

in any location.

Sec. 19. The district may rent or lease any real property, including air rights above real property owned or leased by a transportation system, for transportation or other purposes, with the revenues from those rentals to accrue to the district and to be used exclusively for the purposes of this article.

Sec. 20. At the request of a service board, the district may sell, lease, or otherwise contract for advertising in or on the facilities of the district.

Sec. 21. If requested by the rail commuter service board, the district may administer any rail services or other use of rail rights-of-way that may be the responsibility of state or local government under the Federal Regional Rail Reorganization Act of 1973, as amended (45 U.S.C. 701 through 45 U.S.C. 794).

Sec. 22. The district may determine the level and kind of public

transportation services to be provided by the district.

Sec. 23. The district may make grants and loans to and purchase securities of any service division to carry out the public transportation purposes of the district.

Sec. 24. The district may do all other acts necessary or reasonably incident to carrying out the purposes of this article.

Chapter 8. Administration

Sec. 1. The board shall adopt an annual budget for the district.

Sec. 2. The district may establish the funds and accounts that the district determines necessary. The district shall account for revenues as required to comply with the requirements specified in any agreement with a bondholder or other agreement.

Sec. 3. The district is subject to audit under IC 5-11-1.

Sec. 4. A district shall before April 1 of each year issue a report to the legislative council, the budget committee, and the governor concerning the operations and activities of the district during the preceding calendar year. The report to the legislative council must be in an electronic format under IC 5-14-6.

Sec. 5. The board shall appoint an executive director to manage the district.

Sec. 6. The board may establish the advisory committees that the board determines to be advisable.

Sec. 7. All employees of the district:

(1) shall be employed solely on the basis of ability, taking into account their qualifications to perform the duties of their positions;

(2) shall be employed regardless of political affiliation;

(3) may not be appointed, promoted, reduced, removed, or in any way favored or discriminated against because of their political affiliation, race, religion, color, sex, national origin, or ancestry;

(4) are ineligible to hold, or be a candidate for, elected office (as defined in IC 3-5-2-17) while employed by the district;

(5) may not solicit or receive political contributions;

(6) may not be required to make contributions for or participate in political activities;

(7) shall be employed on a six (6) month probationary period, with a written evaluation prepared after five (5) months of service by their immediate supervisor for the executive director to determine if employment should continue beyond the probationary period; and

(8) shall be evaluated annually in writing by their immediate

supervisor to advise the executive director as to whether the employees should remain in their positions.

Chapter 9. Procurement

Sec. 1. A district shall comply with IC 5-16-7 (common construction wage), IC 5-22 (public purchasing), IC 36-1-12 (public work projects), and any applicable federal bidding statutes and regulations.

Sec. 2. An entity that receives a loan, a grant, or other financial assistance from a district or enters into a lease with a district must comply with applicable federal, state, and local public purchasing and bidding laws and regulations. However, a purchasing agency (as defined in IC 5-22-2-25) of a political subdivision may:

(1) assign or sell a lease for property to a district; or

(2) enter into a lease for property with a district;

at any price and under any other terms and conditions as may be determined by the entity and the district. However, before making an assignment or a sale of a lease or entering into a lease under this section that would otherwise be subject to IC 5-22, the political subdivision or its purchasing agent must obtain or cause to be obtained a purchase price for the property to be subject to the lease from the lowest responsible and responsive bidder in accordance with the requirements for the purchase of supplies under IC 5-22.

Sec. 3. Except where 49 CFR Part 26 applies, the district shall set a goal for participation by minority business enterprises and women's business enterprises. The goals must be consistent with:

(1) the participation goals established by the counties and municipalities that are members of the district; and

(2) the goals of delivering the project on time and within the budgeted amount and, insofar as possible, using Indiana businesses for employees, goods, and services.

Sec. 4. If a district is unable to agree with the owners, lessees, or occupants of any real property selected for the purposes of this article, the district may proceed under IC 32-24-1 to procure the condemnation of the property. The district may not institute a proceeding until it has adopted a resolution that:

(1) describes the real property sought to be acquired and the public purposes for which the real property is to be used;

(2) declares that the public interest and necessity require the acquisition by the district of the property involved; and

(3) sets out any other facts that the district considers necessary or pertinent.

The resolution is conclusive evidence of the public necessity of the proposed acquisition.

Chapter 10. Planning

Sec. 1. After reviewing the transportation plans of the Indiana department of transportation and regional and other planning agencies, a district shall develop, continuously update, and implement long range comprehensive transportation plans to ensure the orderly development and maintenance of an efficient system of public transportation in the district. The plan must be approved by the board. The district shall periodically amend and update the plan as appropriate.

Sec. 2. The plan must identify goals and objectives with respect to the following:

(1) Increasing ridership and passenger miles on public transportation funded by the district.

(2) Coordination of public transportation services and the investment in public transportation facilities to enhance the integration of public transportation throughout the district territory.

(3) Coordination of fare and transfer policies to promote transfers by riders among service boards, public transportation agencies, and public transportation modes, which may include goals and objectives for development of a universal fare instrument that riders may use interchangeably on all public transportation funded by the district, and methods to be used to allocate revenues from transfers.

(4) Improvements in public transportation facilities to bring those facilities into a state of good repair, enhancements that attract ridership and improve customer service, and expansions needed to serve areas with sufficient demand for public transportation.

(5) Access for transit dependent populations, including access by low income communities to places of employment, using analyses provided by the department of workforce development and other planning agencies regarding employment and transportation availability, and giving consideration to the location of employment centers in each county and the availability of public transportation at off peak hours and on weekends.

(6) The financial viability of the public transportation system, including both operating and capital programs.

(7) Limiting road congestion within the district territory and

enhancing transit options to improve mobility.

(8) Other goals and objectives that advance the policy of the state to provide adequate, efficient, and coordinated public transportation in the district territory.

Sec. 3. The plan must establish the process and criteria by which proposals for capital improvements by a service board will be evaluated by the district for inclusion in the five (5) year capital program. The plan may include criteria for the following:

(1) Allocating funds among maintenance, enhancement, and expansion improvements.

(2) Projects to be funded from the innovation, coordination, and enhancement fund.

(3) Projects intended to improve or enhance ridership or customer service.

(4) Design and location of station or transit improvements intended to promote transfers, increase ridership, and support transit oriented land development.

(5) Assessing the impact of projects on the ability to operate and maintain the existing transit system.

(6) Other criteria that advance the goals and objectives of the plan.

Sec. 4. The plan must establish performance standards and measurements regarding the adequacy, efficiency, and coordination of public transportation services in the region and the implementation of the goals and objectives in the plan. At a minimum, the standards and measures must include customer-related performance data measured by line, route, or subregion, as determined by the district, on the following:

(1) Travel times and on time performance.

(2) Ridership data.

(3) Equipment failure rates.

(4) Employee and customer safety.

(5) Customer satisfaction.

Sec. 5. The plan must describe the expected financial condition of public transportation in the district territory prospectively over a ten (10) year period, which may include information about the cash position and all known obligations of the district and the service boards, including operating expenditures, debt service, contributions for payment of pension and other post-employment benefits, the expected revenues from fares, tax receipts, grants from the federal, state, and local governments for operating and capital purposes and issuance of debt, the availability of working

capital, and the resources needed to achieve the goals and objectives described in the plan.

Sec. 6. The district may adopt subregional or corridor plans for specific geographic areas of the district territory to improve the adequacy, efficiency, and coordination of existing, or the delivery of new, public transportation. The plans may also address areas outside the district territory that may affect public transportation use in the district territory. In preparing a sub-regional or corridor plan, the district may identify changes in operating practices or capital investment in the subregion or corridor that could increase ridership, reduce costs, improve coordination, or enhance transit oriented development. The district shall consult with any affected service boards in the preparation of any subregional or corridor plans.

Sec. 7. The district shall annually establish a capital improvement plan to govern the distribution of grants to each service division. The capital improvement plan shall cover at least a five (5) year period and incorporate information concerning the capital improvement plans of the service divisions.

Sec. 8. Each service division shall provide the district with the information that the district determined necessary to prepare the plans required by this chapter.

Sec. 9. The district and the service boards shall cooperate with the various public agencies charged with responsibility for long range or comprehensive planning for the district territory. The district shall, before the adoption of any plan under this chapter, submit its proposals to these agencies for review and comment. The district and the service boards may make use of existing studies, surveys, plans, data, and other materials in the possession of any state agency or department, any planning agency, or any unit of local government.

Sec. 10. The district shall, not later than January 1 of the second year following the year in which the district is established, submit the plans for review by the budget committee.

Chapter 11. Acquisition and Construction of Public Transportation Facilities

Sec. 1. The powers granted under this chapter supplement any other powers granted by another law.

Sec. 2. The district, at the request of a service division, or a service division may:

(1) construct or acquire any public transportation facility for use by the district or a service division; and

(2) acquire transportation facilities from any transportation agency, including:

(A) reserve funds;

(B) employees' pension or retirement funds;

(C) special funds;

(D) franchises;

(E) licenses;

(F) patents;

(G) permits; and

(H) papers and records of the agency.

In making acquisitions from a transportation agency, the district may assume the obligations of the agency regarding its property or public transportation operations.

Sec. 3. The district, at the request of a service division, or a service division may acquire, improve, maintain, lease, and rent facilities, including air rights, that are within one hundred (100) yards of a terminal, station, or other facility of the district. If these facilities generate revenues that exceed their cost to the district, the district must use the excess revenues to improve transportation services or reduce fares for the public.

Chapter 12. Operation of Public Transportation Facilities

Sec. 1. The powers granted under this chapter supplement any other powers granted by another law.

Sec. 2. The district, at the request of a service division, or a service division may provide public transportation service by operating public transportation facilities.

Sec. 3. The district, at the request of a service division, or a service division may enter into operating agreements with any private or public person to operate transportation facilities on behalf of a service division.

Sec. 4. Whenever the district provides any public transportation service by operating public transportation facilities, it shall establish the level and nature of fares or charges to be made for public transportation services, and the nature and standards of public transportation service to be provided within the jurisdiction of the district.

Sec. 5. The board shall, to the extent it considers feasible, adopt uniform standards for the making of grants and purchase of service agreements. These grant contracts or purchase of service agreements may be for the number of years or duration agreed to by the district and the transportation agency.

Sec. 6. If the district provides grants for operating expenses or

participates in any purchase of service agreement, the purchase of service agreement or grant contract must state the level and nature of fares or charges to be made for public transportation services, and the nature and standards of public transportation to be so provided. In addition, any purchase of service agreements or grant contracts must provide, among other matters, for:

(1) the terms or cost of transfers or interconnections between different public transportation agencies;

(2) schedules or routes of transportation service;

(3) changes that may be made in transportation service;

(4) the nature and condition of the facilities used in providing service;

(5) the manner of collection and disposition of fares or charges;

(6) the records and reports to be kept and made concerning transportation service; and

(7) interchangeable tickets or other coordinated or uniform methods of collection of charges.

Chapter 13. Centralized Services and Coordination of Programs

Sec. 1. The district may designate a service board to serve as a centralized purchasing agent for that service board.

Sec. 2. The district may perform other centralized services such as ridership information and transfers between services under the jurisdiction of a service board if the centralized services financially benefit the district as a whole.

Sec. 3. A service board or the district may for the benefit of a service board, to meet its purposes, construct or acquire any public transportation facility for use by a service board or for use by any transportation agency and may acquire any facilities from any transportation agency, including also without limitation any reserve funds, employees' pension or retirement funds, special funds, franchises, licenses, patents, permits, papers, documents, and records of the agency. In connection with any acquisition from a transportation agency, the district may assume obligations of the transportation agency with regard to the facilities or property or public transportation operations of the agency.

Sec. 4. In connection with any construction or acquisition, the district shall make relocation payments as may be required by federal law or by the requirements of any federal agency authorized to administer any federal program of aid.

Sec. 5. The district shall, after consulting with the service boards, develop regionally coordinated and consolidated sales,

marketing, advertising, and public information programs that promote the use and coordination of, and transfers among, public transportation services in the district territory. The district shall develop and adopt rules and guidelines for the district and the service boards regarding the programs to ensure that the service boards' independent programs conform with the district's regional programs.

Sec. 6. To provide or assist any transportation of members of the general public between points in the district territory and points outside the district territory, whether in Indiana, Michigan, or Illinois, the district may at the request and for the benefit of a service board, by ordinance, enter into agreements with any unit of local government, individual, corporation, or other person or public agency in or of any state or with any private entity for service. The agreements may provide for participation by a service board in providing the service and for grants by a service board in connection with the service, and may, subject to federal and State law, set forth any terms relating to the service, including coordinating the service with public transportation in the district territory. The agreement may be for the number of years or duration as the parties may agree. In regard to the agreements or grants, a service board shall consider the benefit to the district territory and the financial contribution with regard to the service made or to be made from public funds in the areas served outside the district territory.

Sec. 7. Upon the request of a service board, the district may intervene in any matter involving:

(1) a dispute between the two (2) service boards or a service board and any transportation agency providing service on behalf of a service board with respect to the terms of transfer between, and the allocation of revenues from fares and charges for, or transportation services provided by the parties; or

(2) a dispute between the two (2) service boards with respect to coordination of service, route duplication, or a change in service.

Any service board or transportation agency involved in the dispute shall meet with the executive director, cooperate in good faith to attempt to resolve the dispute, and provide any books, records, and other information requested by the executive director. If the executive director is unable to mediate a resolution of any dispute, the executive director may provide a written determination

recommending a change in the fares or charges or the allocation of revenues for the service or directing a change in the nature or provider of service that is the subject of the dispute. The executive director shall base the determination upon the goals and objectives of the district's plan. The determination shall be presented to the district board for a final determination. The final determination shall be implemented by any affected service board within the time frame required by the determination.

Chapter 14. Bonds

Sec. 1. (a) A district may contract with the Indiana finance authority (IC 4-4-11) to issue bonds to obtain money to pay the cost of:

(1) acquiring real or personal property, including existing capital improvements;

(2) acquiring, constructing, improving, reconstructing, or renovating one (1) or more projects; or

(3) funding or refunding bonds or other evidences of indebtedness issued under this article, IC 8-5-15, IC 8-9.5-7, IC 8-22-3, IC 36-7.5, IC 36-7.6, IC 36-9-3, IC 36-9-4, or prior law to finance a public transportation system.

(b) The bonds are payable solely from:

(1) the lease rentals from the lease of the projects for which the bonds were issued, insurance proceeds, and any other funds pledged or available; and

(2) to the extent designated in the agreements for the bonds, revenue received by the district and amounts deposited in a district fund.

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

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

(e) The bonds must mature within twenty-five (25) years.

(f) All money received from any bonds issued under this article shall be applied solely to the payment of the cost of acquiring, constructing, improving, reconstructing, or renovating one (1) or more projects, or the cost of refunding or refinancing outstanding bonds, for which the bonds are issued. The cost may include:

(1) planning and development of equipment or a facility and all buildings, facilities, structures, equipment, and improvements related to the facility;

(2) acquisition of a site and clearing and preparing the site for construction;

(3) equipment, facilities, structures, and improvements that are necessary or desirable to make the project suitable for use and operations;

(4) architectural, engineering, consultant, and attorney's fees;

(5) incidental expenses in connection with the issuance and sale of bonds;

(6) reserves for principal and interest;

(7) interest during construction;

(8) financial advisory fees;

(9) insurance during construction;

(10) municipal bond insurance, debt service reserve insurance, letters of credit, or other credit enhancement; and

(11) in the case of refunding or refinancing, payment of the principal of, redemption premiums (if any) for, and interest on the bonds being refunded or refinanced.

Sec. 2. This article contains full and complete authority for the issuance of bonds. No law, procedure, proceedings, publications, notices, consents, approvals, orders, or acts by a development board or any other officer, department, agency, or instrumentality of the state or of any political subdivision is required to issue any bonds, except as prescribed in this article.

Sec. 3. (a) The Indiana finance authority may secure bonds issued under this article by a trust indenture between the district and a corporate trustee, which may be any trust company or national or state bank in Indiana that has trust powers.

(b) The trust indenture may:

(1) pledge or assign revenue received by the district, amounts deposited in a district fund, and lease rentals, receipts, and income from leased projects, but may not mortgage land or projects;

(2) contain reasonable and proper provisions for protecting and enforcing the rights and remedies of the bondholders, including covenants setting forth the duties of the district and board;

(3) set forth the rights and remedies of bondholders and trustees; and

(4) restrict the individual right of action of bondholders.

(c) Any pledge or assignment made by the district under this section is valid and binding in accordance with IC 5-1-14-4 from the time that the pledge or assignment is made, against all persons whether they have notice of the lien. Any trust indenture by which a pledge is created or an assignment made need not be filed or

recorded. The lien is perfected against third parties in accordance with IC 5-1-14-4.

Sec. 4. (a) Bonds issued under IC 8-5-15, IC 8-9.5-7, IC 8-22-3, IC 36-7.5, IC 36-7.6, IC 36-9-3, IC 36-9-4, or prior law may be refunded as provided in this section.

(b) A service division may:

(1) lease all or a part of land or a project or projects to a district, which may be at a nominal lease rental with a lease back to the service division, conditioned upon the district assuming bonds issued under IC 8-5-15, IC 8-9.5-7, IC 8-22-3, IC 36-7.5, IC 36-7.6, IC 36-9-3, IC 36-9-4, or prior law and issuing its bonds to refund those bonds; and

(2) sell all or a part of land or a project or projects to a district for a price sufficient to provide for the refunding of those bonds and lease back the land or project or projects from the district.

Sec. 5. Bonds issued under this article are legal investments for private trust funds and the funds of banks, trust companies, insurance companies, building and loan associations, credit unions, savings banks, private banks, loan and trust and safe deposit companies, rural loan and savings associations, guaranty loan and savings associations, mortgage guaranty companies, small loan companies, industrial loan and investment companies, and other financial institutions organized under Indiana law.

Sec. 6. An action to contest the validity of bonds to be issued under this article may not be brought after the time limitations set forth in IC 5-1-14-13.

Sec. 7. The general assembly covenants that it will not:

(1) repeal or amend this article in a manner that would adversely affect owners of outstanding bonds, or the payment of lease rentals, secured by the amounts pledged under this article; or

(2) in any way impair the rights of owners of bonds of a district, or the owners of bonds secured by lease rentals or by a pledge of revenues under this article.

Chapter 15. Leases and Agreements With Public Transportation Agencies

Sec. 1. (a) Before a lease may be entered into by the district and a service division, the board and the service board for the service division must find that the lease rental provided for is fair and reasonable.

(b) A lease of land or a project from the district to a service

division:

(1) may not have a term exceeding twenty-five (25) years;

(2) may not require payment of lease rentals for a newly constructed project or for improvements to an existing project until the project or improvements to the project have been completed and are ready for occupancy or use;

(3) may contain provisions:

(A) allowing the service division to continue to operate an existing project until completion of the acquisition, improvements, reconstruction, or renovation of that project or any other project; and

(B) requiring payment of lease rentals for land, for an existing project being used, reconstructed, or renovated, or for any other existing project;

(4) may contain an option to renew the lease for the same or a shorter term on the conditions provided in the lease;

(5) must contain an option for the service division to purchase the project upon the terms stated in the lease during the term of the lease for a price equal to the amount required to pay all indebtedness incurred on account of the project, including indebtedness incurred for the refunding of that indebtedness;

(6) may be entered into before acquisition or construction of a project;

(7) may provide that the service division shall agree to:

(A) pay any taxes and assessments on the project;

(B) maintain insurance on the project for the benefit of the district;

(C) assume responsibility for utilities, repairs, alterations, and any costs of operation; and

(D) pay a deposit or series of deposits to the district from any funds available to the service division before the commencement of the lease to secure the performance of the service division's obligations under the lease; and

(8) must provide that the lease rental payments by the service division shall be made from the district and may provide that the lease rental payments by the service division shall be made from:

(A) net revenues of the project;

(B) any other funds available to the service division; or

(C) both sources described in clauses (A) and (B).

Sec. 2. This article contains full and complete authority for leases between the district and a service division. No law,

procedure, proceedings, publications, notices, consents, approvals, orders, or acts by a district or the service division or any other officer, department, agency, or instrumentality of the state or any political subdivision is required to enter into any lease, except as prescribed in this article.

Sec. 3. If a lease provides for a project or improvements to a project to be constructed by the district, the plans and specifications shall be submitted to and approved by all state agencies designated by law to pass on plans and specifications for public buildings.

Sec. 4. A district and a service division or two (2) service divisions may enter into common wall (party wall) agreements or other agreements concerning easements or licenses. These agreements shall be recorded with the recorder of the county in which the project is located.

Sec. 5. (a) A service division may lease for a nominal lease rental, or sell to a district, one (1) or more projects or parts of a project or land on which a project is located or is to be constructed.

(b) Any lease of all or a part of a project by or to a district must be for a term equal to the term of the lease of that project back to the service division.

(c) A service division may sell property to a district for the amount the eligible political subdivision determines to be in the best interest of the service division. The district may pay that amount from the proceeds of bonds of the district.

Chapter 16. Distributions; Grants

Sec. 1. The district shall use the money received by the district for the capital and operating expenses of the district and the district's service divisions.

Sec. 2. Excluding any amount restricted to a particular use by law or the grantor, the district shall allocate the amounts received by the district between:

(1) the capital expenses and operation cost of the district's commuter service division; and

(2) the capital expenses and operation cost of the district's bus service division.

Sec. 3. A distribution received by a service division from the district must be used in accordance with the district's transportation plan.

Chapter 17. Regional Transportation Improvement Income Tax

Sec. 1. An improvement tax may be imposed on the adjusted gross income of county taxpayers by the board. To impose the

improvement tax, the board must first request a determination of the improvement tax rate that may be imposed in each county under section 2 of this chapter.

Sec. 2. A county's improvement tax rate in a member county may not exceed the lesser of twenty-five hundredths percent (0.25%) or the rate for that member county as determined under section 3 of this chapter.

Sec. 3. (a) If the board desires to impose the improvement tax, the board must first make written findings concerning the following:

(1) The value of the public transportation facilities of the district and the service divisions that the board proposes to put in service after December 31, 2009, and to be allocated to each member county.

(2) The total amount of the capital needs of the district and the service divisions for the five (5) year period beginning in the year of the request, reduced by the amount of capital costs that will be paid from sources other than the improvement tax.

(3) The annual amount of capital costs that the board proposes to be allocated to each member county for the five (5) year period beginning in the year of the request, reduced by the amount of capital costs that will be paid from sources other than the improvement tax. In determining the amount to propose for capital costs to be allocated to each member county, the board shall allocate the capital costs according to a formula established by the board that reflects the benefit received by the county from the capital costs in facilitating public transportation in the county and to and from the county.

(4) The total amount of the operating needs of the district and service districts for the five (5) year period beginning in the year of the request, reduced by the amount of operating expenses that will be paid from sources other than the improvement tax.

(5) The annual amount of operating expenses that the board proposes to be allocated to each member county for the five (5) year period beginning in the year of the request, using the total number of passengers and total miles traveled by individuals using public transportation within each member county that is provided by the district, reduced by the amount of operating expenses that will be paid from sources other

than the improvement tax.

(b) In determining capital and operating costs under subsection (a), the costs shall be allocated, as determined by the board, to the capital expenses and operation costs of the district's commuter rail service division and the district's bus service division.

(c) Based on the findings under subsection (a) and the required allocation under subsection (b), the board shall make a determination and certify to the department the improvement tax rate that will be necessary for each year of the five (5) year period in each member county to pay for both the annual capital costs and annual operating expenses that are allocated to that member county. The rate imposed in a member county must be sufficient to raise the annual capital costs and annual operating expenses allocated to the county.

(d) A determination under this section shall be made using the best information available. The budget agency shall assist the board in computing the appropriate tax rates for each member county.

(e) The board may adopt a resolution adjusting the tax rate in a member county if the rates are too low to pay for both the annual capital costs and annual operating expenses that are allocated to each member county.

(f) The budget agency may cause a new determination to be made if:

(1) the budget director finds that the actual annual capital costs and annual operating expenses are less than the improvement tax revenue for two (2) consecutive years such that the improvement tax rate could be reduced by at least five-hundredths percent (0.05%) for a member county; or

(2) it has been more than three (3) years since the previous determination was made.

If a new determination under this subsection results in the improvement tax rate for each member county being at least five-hundredths percent (0.05%) less than the rate in effect in the year the new determination is made, the rate for each member county is reduced to the new rate without any action by the board. The new rate takes effect October 1 of the year of the new determination. The budget agency shall certify the new improvement tax rate to the board and the department.

Sec. 4. (a) To impose the improvement tax, the board must first publish a notice in each member county in accordance with IC 5-3-1. In addition to the requirements of IC 5-3-1, the notice

must include:

(1) a clear and concise statement that the board will be considering the imposition of the regional transportation improvement tax at the meeting; and

(2) the content of the proposed resolution to impose the improvement tax.

(b) To impose the improvement tax, the board must, after March 31 but before August 1 of a year, adopt a resolution. The resolution to impose the tax must include the rate for each member county and substantially state the following for each member county:

"The Northern Indiana Regional Transportation District imposes the regional transportation improvement tax on the county taxpayers of _____ County. The improvement tax is imposed at a rate of _____ percent (____%) of taxable income. This tax takes effect October 1 of this year.".

Sec. 5. (a) The board may increase or decrease the improvement tax rate imposed upon the county taxpayers in each member county as long as the resulting rate does not exceed the rate certified under section 3 of this chapter.

(b) To increase the improvement tax rate, the board must first publish a notice in each member county in accordance with IC 5-3-1. In addition to the requirements of IC 5-3-1, the notice must include the content of the proposed resolution to increase the improvement tax rate.

(c) To decrease or increase the rate, the board must, after March 31 but before August 1 of a year, adopt a resolution. The resolution to increase or decrease the tax must include the rate for each member county and substantially state the following for each member county:

"The Northern Indiana Regional Transportation District increases (decreases) the regional transportation improvement tax rate imposed upon the county taxpayers of _____ County from _____ percent (___%) to _____ percent (___%) of taxable income. This tax rate increase (decrease) takes effect October 1 of this year.".

Sec. 6. (a) The improvement tax imposed under this chapter remains in effect until rescinded.

(b) The board may rescind the tax by adopting a resolution to rescind the tax after March 31 but before August 1 of a year.

Sec. 7. (a) Any resolution adopted under this chapter takes effect October 1 of the year the resolution is adopted.

(b) The secretary of the board shall record all votes taken on resolutions presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the department and the budget director by certified mail.

Sec. 8. (a) A special account within the state general fund shall be established for the district. Any revenue derived from the imposition of the improvement tax shall be credited to the district's account in the state general fund.

(b) Any income earned on money credited to an account under subsection (a) becomes a part of that account.

(c) Any revenue credited to an account established under subsection (a) at the end of a fiscal year may not be credited to any other account in the state general fund.

Sec. 9. (a) Revenue derived from the imposition of the improvement tax shall be distributed to the treasurer of the board.

(b) Before August 2 of each calendar year, the budget agency shall certify to treasurer of the board the amount of improvement tax revenue that the department determines has been:

(1) received for the district for the taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made.

The amount shall be adjusted as provided in this section. The amount certified is the district's certified distribution for the following calendar year.

(c) The budget agency shall adjust the amount determined under subsection (b) for:

(1) refunds of improvement tax made in the state fiscal year; and

(2) the amount of interest in the district's special account that has been accrued but has not been included in a certification made in a preceding year.

(d) The budget agency shall certify an amount that is less than the amount determined under subsection (c) if the budget agency determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The budget agency may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1)

lump sum.

(e) The budget agency shall certify an amount that is more than the amount determined under subsection (c) if the budget agency determines that the increased distribution is necessary to offset underpayments made in a calendar year before the calendar year of the distribution.

(f) The budget agency shall adjust the certified distribution of the district to correct for any clerical or mathematical errors made in any previous certification under this section. The budget agency may reduce the amount of the certified distribution over several calendar years so that any reduction under this subsection is offset over several years rather than in one (1) lump sum.

(g) This subsection applies if the district:

(1) initially imposed the improvement tax; or

(2) increases the improvement tax rate;

under this chapter and the tax or increased rate takes effect in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year.

(h) The budget agency shall provide to the treasurer of the board an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include the following:

(1) The amount reported on individual income tax returns processed by the department during the previous state fiscal year.

(2) Adjustments for:

(A) refunds;

(B) special account interest;

(C) over or under distributions in prior years;

(D) clerical or mathematical errors in prior years; and

(E) tax rate changes.

(3) The balance in the district's special account as of the cutoff date set by the budget agency.

(i) One-twelfth (1/12) of a district's certified distribution for a calendar year shall be distributed from the district's account to the treasurer of the board each month.

Sec. 10. The district shall deposit the amount received under this chapter as follows:

(1) An amount equal to the budgeted annual capital costs as certified by the budget agency in a separate capital account.

(2) An amount equal to the budgeted operating expenses as certified by the budget agency in a separate operating account.

(3) Any part of a distribution remaining after making the deposits required under subdivisions (1) and (2) shall be deposited in a separate reserve account.

Sec. 11. (a) For purposes of this chapter, an individual shall be treated as a resident of the county in which the individual:

(1) maintains a home if the individual maintains only one (1) home in Indiana;

(2) if subdivision (1) does not apply, is registered to vote;

(3) if subdivisions (1) and (2) do not apply, registers the individual's personal automobile; or

(4) if subdivisions (1), (2), and (3) do not apply, spends the majority of the individual's time in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on January 1 of the calendar year in which the individual's taxable year commences. If an individual changes the location of the individual's residence or principal place of employment or business to another county in Indiana during a calendar year, the individual's liability for improvement tax is not affected.

Sec. 12. If the improvement tax is not in effect during a county taxpayer's entire taxable year, the amount of improvement tax that the county taxpayer owes for that taxable year equals the product of:

(1) the amount of improvement tax the county taxpayer would owe if the tax had been imposed during the county taxpayer's entire taxable year; multiplied by

(2) a fraction, the:

(A) numerator of which equals the number of days during the county taxpayer's taxable year during which the improvement tax was in effect; and

(B) denominator of which equals three hundred sixty-five (365).

Sec. 13. (a) If for the taxable year a county taxpayer is (or a county taxpayer and the county taxpayer's spouse who file a joint return are) allowed a credit for the elderly or individuals with a total disability under Section 22 of the Internal Revenue Code, the county taxpayer is (or the county taxpayer and the county taxpayer's spouse are) entitled to a credit against the county

taxpayer's (or the county taxpayer's and the county taxpayer's spouse's) improvement tax liability for that same taxable year. The amount of the credit equals the lesser of:

(1) the product of:

(A) the county taxpayer's (or the county taxpayer's and the county taxpayer's spouse's) credit for the elderly or individuals with a total disability for that same taxable year; multiplied by

(B) a fraction, the:

(i) numerator of which is the improvement tax rate imposed against the county taxpayer (or against the county taxpayer and the county taxpayer's spouse); and

(ii) denominator of which is fifteen-hundredths (0.15); or

(2) the amount of improvement tax imposed on the county taxpayer (or the county taxpayer and the county taxpayer's spouse).

(b) If a county taxpayer and the county taxpayer's spouse file a joint return and are subject to different improvement tax rates for the same taxable year, they shall compute the credit under this section by using the formula provided by subsection (a), except that they shall use the average of the two (2) improvement tax rates imposed against them as the numerator referred to in subsection (a)(1)(B)(i).

Sec. 14. (a) Except as otherwise provided in this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

(1) definitions;

(2) declarations of estimated tax;

(3) filing of returns;

(4) remittances;

(5) incorporation of the provisions of the Internal Revenue Code;

(6) penalties and interest;

(7) exclusion of military pay credits for withholding; and

(8) exemptions and deductions;

apply to the imposition, collection, and administration of the improvement tax.

(b) IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the improvement tax.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings of the improvement tax attributable to each county. This report shall be

submitted to the department:

(1) each time the employer remits to the department the tax that is withheld; and

(2) annually along with the employer's annual withholding report.

Sec. 15. The improvement tax is a listed tax and an income tax for the purposes of IC 6-8.1.".

Delete pages 2 through 5.

Page 6, delete lines 1 through 10, begin a new paragraph and insert:

"SECTION 3. IC 36-9-4-29.4, AS AMENDED BY P.L.99-2007, SECTION 223, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 29.4. (a) This section does not apply to a public transportation corporation located in a county having a consolidated city.

(b) A public transportation corporation may provide regularly scheduled passenger service to specifically designated locations outside the system's operational boundaries as described in IC 36-9-1-9 if all of the following conditions are met:

(1) The legislative body of the municipality approves any expansion of the service outside the municipality's corporate boundaries.

(2) The expanded service is reasonably required to do any of the following:

(A) Enhance employment opportunities in the new service area or the existing service area.

(B) Serve persons who are elderly, persons with a disability, or other persons who are in need of public transportation.

~~(3) The rates or compensation for the expanded service are sufficient, on a fully allocated cost basis, to prevent a property tax increase in the taxing district solely as a result of the expanded service.~~

~~(4)~~ **(3)** Except as provided in subsection (e), the expanded service does not extend beyond the boundary of the county in which the corporation is located.

~~(5) The corporation complies with sections 29.5 and 29.6 of this chapter.~~

(c) Notwithstanding section 39 of this chapter, a public transportation corporation may provide demand responsive service outside of the system's operational boundaries as described in IC 36-9-1-9 if the conditions listed in subsection (b) are met.

(d) The board may contract with a private operator for the operation of an expanded service under this section.

1 (e) Subsection ~~(b)(4)~~ **(b)(3)** does not apply to a special purpose bus
2 (as defined in IC 20-27-2-10) or a school bus (as defined in
3 IC 20-27-2-8) that provides expanded service for a purpose permitted
4 under IC 20-27-9.
5 SECTION 4. THE FOLLOWING ARE REPEALED [EFFECTIVE
6 UPON PASSAGE]: IC 36-9-4-29.5; IC 36-9-4-29.6.".
7 Renumber all SECTIONS consecutively.
(Reference is to HB 1607 as printed February 20, 2009.)

and when so amended that said bill do pass and be reassigned to the Senate Committee on Tax and Fiscal Policy.

Committee Vote: Yeas 8, Nays 0.

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Senator Wyss, Chairperson