
SENATE BILL No. 365

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5-1.1; IC 6-3.5-6.

Synopsis: Local option tax rates for nonresidents. Provides that beginning in 2011 the tax rate imposed on nonresident county taxpayers under the county option income tax or the county adjusted gross income tax is equal to the tax rate imposed on resident county taxpayers. Removes tax provisions in current law that are superseded by this act.

Effective: January 1, 2011.

Broden

January 12, 2010, read first time and referred to Committee on Tax and Fiscal Policy.

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Second Regular Session 116th General Assembly (2010)

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 2009 Regular and Special Sessions of the General Assembly.

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SENATE BILL No. 365



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 6-3.5-1.1-2, AS AMENDED BY P.L.224-2007,
2 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2011]: Sec. 2. (a) The county council of any county in
4 which the county option income tax will not be in effect on October 1
5 of a year under an ordinance adopted during a previous calendar year
6 may impose the county adjusted gross income tax on the adjusted gross
7 income of county taxpayers of its county effective July 1 of that year.
8 (b) Except as provided in section 2.3, 2.5, 2.6, 2.7, 2.8, 2.9, 3.3, 3.5,
9 3.6, 24, 25, or 26 of this chapter, the county adjusted gross income tax
10 may be imposed at a rate of one-half of one percent (0.5%),
11 three-fourths of one percent (0.75%), or one percent (1%) on the
12 adjusted gross income of ~~resident~~ county taxpayers of the county. Any
13 county imposing the county adjusted gross income tax must, **after**
14 **December 31, 2010**, impose the tax on the **adjusted gross income of**
15 **nonresident county taxpayers at a rate of one-fourth of one percent**
16 **(0.25%) on their adjusted gross income. the same rate as the tax is**
17 **imposed on resident county taxpayers.** If the county council elects to



1 decrease the county adjusted gross income tax, the county council may
2 decrease the county adjusted gross income tax rate in increments of
3 one-tenth of one percent (0.1%).

4 (c) To impose the county adjusted gross income tax, the county
5 council must, after March 31 but before August 1 of a year, adopt an
6 ordinance. The ordinance must substantially state the following:

7 "The _____ County Council imposes the county adjusted
8 gross income tax on the county taxpayers of _____ County.
9 The county adjusted gross income tax is imposed at a rate of
10 _____ percent (____%) on the ~~resident~~ county taxpayers of the
11 county, ~~and one-fourth of one percent (0.25%) on the nonresident~~
12 ~~county taxpayers of the county~~. This tax takes effect October 1 of
13 this year."

14 (d) Any ordinance adopted under this section takes effect October
15 1 of the year the ordinance is adopted.

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

20 (f) If the county adjusted gross income tax had previously been
21 adopted by a county under IC 6-3.5-1 (before its repeal on March 15,
22 1983) and that tax was in effect at the time of the enactment of this
23 chapter, then the county adjusted gross income tax continues in that
24 county at the rates in effect at the time of enactment until the rates are
25 modified or the tax is rescinded in the manner prescribed by this
26 chapter. If a county's adjusted gross income tax is continued under this
27 subsection, then the tax shall be treated as if it had been imposed under
28 this chapter and is subject to rescission or reduction as authorized in
29 this chapter.

30 **(g) After December 31, 2010, a tax imposed under this chapter**
31 **shall be imposed at the same rate on both resident county**
32 **taxpayers and nonresident county taxpayers. A county council is**
33 **not required to adopt or amend any ordinance under this chapter**
34 **to increase the tax rate imposed after December 31, 2010, on**
35 **nonresident county taxpayers so that it is equal to the tax rate**
36 **imposed on resident county taxpayers.**

37 SECTION 2. IC 6-3.5-1.1-3, AS AMENDED BY P.L.224-2007,
38 SECTION 57, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
39 JANUARY 1, 2011]: Sec. 3. (a) The county council may increase the
40 county adjusted gross income tax rate imposed upon the ~~resident~~
41 county taxpayers of the county. To increase the rate, the county council
42 must, after March 31 but before August 1 of a year, adopt an ordinance.

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1 The ordinance must substantially state the following:
2 "The _____ County Council increases the county adjusted
3 gross income tax rate imposed upon the ~~resident~~ county taxpayers
4 of the county from _____ percent (___%) to _____ percent
5 (___%). This tax rate increase takes effect October 1 of this
6 year."

7 (b) Any ordinance adopted under this section takes effect October
8 1 of the year the ordinance is adopted.

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

13 SECTION 3. IC 6-3.5-1.1-3.1, AS AMENDED BY P.L.224-2007,
14 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15 JANUARY 1, 2011]: Sec. 3.1. (a) The county council may decrease the
16 county adjusted gross income tax rate imposed upon the ~~resident~~
17 county taxpayers of the county. To decrease the rate, the county council
18 must, after March 31 but before August 1 of a year, adopt an ordinance.
19 The ordinance must substantially state the following:

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

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

30 (c) Any ordinance adopted under this section takes effect October
31 1 of the year the ordinance is adopted.

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

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

41 (f) This subsection applies only to a county having a population of
42 more than one hundred ten thousand (110,000) but less than one

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

10 SECTION 4. IC 6-3.5-1.1-11, AS AMENDED BY P.L.224-2007,
11 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 JANUARY 1, 2011]: Sec. 11. (a) Except for:

- 13 (1) revenue that must be used to pay the costs of:
 - 14 (A) financing, constructing, acquiring, improving, renovating,
 - 15 equipping, operating, or maintaining facilities and buildings;
 - 16 (B) debt service on bonds; or
 - 17 (C) lease rentals;
 18 under section 2.3 of this chapter;
 - 19 (2) revenue that must be used to pay the costs of operating a jail
20 and juvenile detention center under section 2.5(d) of this chapter;
 - 21 (3) revenue that must be used to pay the costs of:
 - 22 (A) financing, constructing, acquiring, improving, renovating,
 - 23 equipping, operating, or maintaining facilities and buildings;
 - 24 (B) debt service on bonds; or
 - 25 (C) lease rentals;
 26 under section 2.8 of this chapter;
 - 27 (4) revenue that must be used to pay the costs of construction,
28 improvement, renovation, or remodeling of a jail and related
29 buildings and parking structures under section 2.7, 2.9, or 3.3 of
30 this chapter;
 - 31 (5) revenue that must be used to pay the costs of operating and
32 maintaining a jail and justice center under section 3.5(d) of this
33 chapter;
 - 34 (6) revenue that must be used to pay the costs of constructing,
35 acquiring, improving, renovating, or equipping a county
36 courthouse under section 3.6 of this chapter; or
 - 37 (7) revenue attributable to a tax rate under section 24, 25, or 26 of
38 this chapter;
- 39 the certified distribution received by a county treasurer shall, in the
40 manner prescribed in this section, be allocated, distributed, and used
41 by the civil taxing units and school corporations of the county as
42 certified shares and property tax replacement credits.

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1 (b) Before August 10 of each calendar year, each county auditor
 2 shall determine the part of the certified distribution for the next
 3 succeeding calendar year that will be allocated as property tax
 4 replacement credits and the part that will be allocated as certified
 5 shares. The percentage of a certified distribution that will be allocated
 6 as property tax replacement credits or as certified shares depends upon
 7 the county adjusted gross income tax rate for ~~resident~~ county taxpayers
 8 in effect on August 1 of the calendar year that precedes the year in
 9 which the certified distribution will be received by two (2) years. The
 10 percentages are set forth in the following table:

11	PROPERTY		
12	COUNTY	TAX	
13	ADJUSTED GROSS	REPLACEMENT	CERTIFIED
14	INCOME TAX RATE	CREDITS	SHARES
15	0.5%	50%	50%
16	0.75%	33 1/3%	66 2/3%
17	1%	25%	75%

18 (c) The part of a certified distribution that constitutes property tax
 19 replacement credits shall be distributed as provided under sections 12,
 20 13, and 14 of this chapter.

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

23 SECTION 5. IC 6-3.5-6-8, AS AMENDED BY P.L.224-2007,
 24 SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 JANUARY 1, 2011]: Sec. 8. (a) The county income tax council of any
 26 county in which the county adjusted gross income tax will not be in
 27 effect on October 1 of a year under an ordinance adopted during a
 28 previous calendar year may impose the county option income tax on the
 29 adjusted gross income of county taxpayers of its county effective
 30 October 1 of that same year.

31 (b) Except as provided in sections 30, 31, and 32 of this chapter, the
 32 county option income tax may initially be imposed at a rate of
 33 two-tenths of one percent (0.2%) on the ~~resident~~ county taxpayers of
 34 the county. ~~and at a rate of five hundredths of one percent (0.05%) for~~
 35 ~~all other county taxpayers.~~

36 (c) To impose the county option income tax, a county income tax
 37 council must, after March 31 but before August 1 of the year, pass an
 38 ordinance. The ordinance must substantially state the following:

39 "The _____ County Income Tax Council imposes the
 40 county option income tax on the county taxpayers of
 41 _____ County. The county option income tax is
 42 imposed at a rate of two-tenths of one percent (0.2%). ~~on the~~

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1 resident county taxpayers of the county and at a rate of five
2 hundredths of one percent (0.05%) on all other county taxpayers.
3 This tax takes effect October 1 of this year."

4 (d) Except as provided in sections 30, 31, and 32 of this chapter, if
5 the county option income tax is imposed on the county taxpayers of a
6 county, then the county option income tax rate that is in effect for
7 resident county taxpayers of that county increases by one-tenth of one
8 percent (0.1%) on each succeeding October 1 until the rate equals
9 six-tenths of one percent (0.6%).

10 (e) The county option income tax rate in effect for the county
11 taxpayers of a county who are not resident county taxpayers of that
12 county is at all times ~~one-fourth (1/4) of~~ **after December 31, 2010,**
13 **equal to** the tax rate imposed upon resident county taxpayers. **A**
14 **county income tax council is not required to adopt or amend any**
15 **ordinance under this chapter to increase the tax rate imposed after**
16 **December 31, 2010, on nonresident county taxpayers so that it is**
17 **equal to the tax rate imposed on resident county taxpayers.**

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

21 SECTION 6. IC 6-3.5-6-9, AS AMENDED BY P.L.224-2007,
22 SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
23 JANUARY 1, 2011]: Sec. 9. (a) If on March 31 of a calendar year the
24 county option income tax rate in effect for ~~resident~~ county taxpayers
25 equals six tenths of one percent (0.6%), excluding a tax rate imposed
26 under section 30, 31, or 32 of this chapter, the county income tax
27 council of that county may after March 31 and before August 1 of that
28 year pass an ordinance to increase its tax rate for ~~resident~~ county
29 taxpayers. If a county income tax council passes an ordinance under
30 this section, its county option income tax rate for ~~resident~~ county
31 taxpayers increases by one tenth of one percent (0.1%) each succeeding
32 October 1 until its rate reaches a maximum of one percent (1%),
33 excluding a tax rate imposed under section 30, 31, or 32 of this chapter.

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

37 SECTION 7. IC 6-3.5-6-27, AS AMENDED BY P.L.182-2009(ss),
38 SECTION 223, IS AMENDED TO READ AS FOLLOWS
39 [EFFECTIVE JANUARY 1, 2011]: Sec. 27. (a) This section applies
40 only to Miami County. Miami County possesses unique economic
41 development challenges due to:

- 42 (1) underemployment in relation to similarly situated counties;

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1 and
2 (2) the presence of a United States government military base or
3 other military installation that is completely or partially inactive
4 or closed.

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

11 (b) In addition to the rates permitted by sections 8 and 9 of this
12 chapter, the county council may impose the county option income tax
13 at a rate of twenty-five hundredths percent (0.25%) on the adjusted
14 gross income of ~~resident~~ county taxpayers if the county council makes
15 the finding and determination set forth in subsection (c). ~~Section 8(c)~~
16 ~~of this chapter applies to the application of the additional rate to~~
17 ~~nonresident taxpayers.~~

18 (c) In order to impose the county option income tax as provided in
19 this section, the county council must adopt an ordinance finding and
20 determining that revenues from the county option income tax are
21 needed to pay the costs of financing, constructing, acquiring,
22 renovating, and equipping a county jail, including the repayment of
23 bonds issued, or leases entered into, for financing, constructing,
24 acquiring, renovating, and equipping a county jail.

25 (d) If the county council makes a determination under subsection
26 (c), the county council may adopt a tax rate under subsection (b). The
27 tax rate may not be imposed at a rate or for a time greater than is
28 necessary to pay the costs of financing, constructing, acquiring,
29 renovating, and equipping a county jail.

30 (e) The county treasurer shall establish a county jail revenue fund
31 to be used only for the purposes described in this section. County
32 option income tax revenues derived from the tax rate imposed under
33 this section shall be deposited in the county jail revenue fund before
34 making a certified distribution under section 18 of this chapter.

35 (f) County option income tax revenues derived from the tax rate
36 imposed under this section:

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

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1 (g) The budget agency shall adjust the certified distribution of a
2 county to provide for an increased distribution of taxes in the
3 immediately following calendar year after the county adopts an
4 increased tax rate under this section and in each calendar year
5 thereafter. The budget agency shall provide for a full transition to
6 certification of distributions as provided in section 17(a)(1) through
7 17(a)(2) of this chapter in the manner provided in section 17(c) of this
8 chapter.

9 SECTION 8. IC 6-3.5-6-28, AS AMENDED BY P.L.182-2009(ss),
10 SECTION 224, IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE JANUARY 1, 2011]: Sec. 28. (a) This section applies
12 only to Howard County.

13 (b) 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 section and as needed in the county to fund the
16 operation and maintenance of a jail and juvenile detention center,
17 rather than the use of property taxes, promotes that purpose.

18 (c) In addition to the rates permitted by sections 8 and 9 of this
19 chapter, the county fiscal body may impose a county option income tax
20 at a rate that does not exceed twenty-five hundredths percent (0.25%)
21 on the adjusted gross income of ~~resident~~ county taxpayers. The tax rate
22 may be adopted in any increment of one hundredth percent (0.01%).
23 Before the county fiscal body may adopt a tax rate under this section,
24 the county fiscal body must make the finding and determination set
25 forth in subsection (d). ~~Section 8(e) of this chapter applies to the~~
26 ~~application of the additional tax rate to nonresident taxpayers.~~

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

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

39 (e) If the county fiscal body makes a determination under subsection
40 (d), the county fiscal body may adopt a tax rate under subsection (c).
41 Subject to the limitations in subsection (c), the county fiscal body may
42 amend an ordinance adopted under this section to increase, decrease,

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1 or rescind the additional tax rate imposed under this section. As soon
2 as practicable after the adoption of an ordinance under this section, the
3 county fiscal body shall send a certified copy of the ordinance to the
4 county auditor, the department of local government finance, and the
5 department of state revenue. An ordinance adopted under this section
6 before April 1 in a year applies to the imposition of county income
7 taxes after June 30 in that year. An ordinance adopted under this
8 section after March 31 of a year initially applies to the imposition of
9 county option income taxes after June 30 of the immediately following
10 year.

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

16 (g) County option income tax revenues derived from the tax rate
17 imposed under this section:

- 18 (1) may only be used for the purposes described in this section;
- 19 and
- 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.

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

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

33 (j) The department shall separately designate a tax rate imposed
34 under this section in any tax form as the Howard County jail operating
35 and maintenance income tax.

36 SECTION 9. IC 6-3.5-6-29, AS AMENDED BY P.L.182-2009(ss),
37 SECTION 225, IS AMENDED TO READ AS FOLLOWS
38 [EFFECTIVE JANUARY 1, 2011]: Sec. 29. (a) This section applies
39 only to Scott County. Scott County is a county in which:

- 40 (1) maintaining low property tax rates is essential to economic
41 development; and
- 42 (2) the use of additional county option income tax revenues as

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1 provided in this section, rather than the use of property taxes, to
 2 fund:
 3 (A) the financing, construction, acquisition, improvement,
 4 renovation, equipping, operation, or maintenance of jail
 5 facilities; and
 6 (B) the repayment of bonds issued or leases entered into for
 7 the purposes described in clause (A), except operation or
 8 maintenance;
 9 promotes the purpose of maintaining low property tax rates.
 10 (b) The county fiscal body may impose the county option income tax
 11 on the adjusted gross income of ~~resident~~ county taxpayers at a rate, in
 12 addition to the rates permitted by sections 8 and 9 of this chapter, not
 13 to exceed twenty-five hundredths percent (0.25%). ~~Section 8(e) of this~~
 14 ~~chapter applies to the application of the additional rate to nonresident~~
 15 ~~taxpayers.~~
 16 (c) To impose the county option income tax as provided in this
 17 section, the county fiscal body must adopt an ordinance finding and
 18 determining that additional revenues from the county option income tax
 19 are needed in the county to fund:
 20 (1) the financing, construction, acquisition, improvement,
 21 renovation, equipping, operation, or maintenance of jail facilities;
 22 and
 23 (2) the repayment of bonds issued or leases entered into for the
 24 purposes described in subdivision (1), except operation or
 25 maintenance.
 26 (d) If the county fiscal body makes a determination under subsection
 27 (c), the county fiscal body may adopt an additional tax rate under
 28 subsection (b). Subject to the limitations in subsection (b), the county
 29 fiscal body may amend an ordinance adopted under this section to
 30 increase, decrease, or rescind the additional tax rate imposed under this
 31 section. As soon as practicable after the adoption of an ordinance under
 32 this section, the county fiscal body shall send a certified copy of the
 33 ordinance to the county auditor, the department of local government
 34 finance, and the department. An ordinance adopted under this section
 35 before June 1, 2006, or August 1 in a subsequent year applies to the
 36 imposition of county income taxes after June 30 (in the case of an
 37 ordinance adopted before June 1, 2006) or September 30 (in the case
 38 of an ordinance adopted in 2007 or thereafter) in that year. An
 39 ordinance adopted under this section after May 31, 2006, or July 31 of
 40 a subsequent year initially applies to the imposition of county option
 41 income taxes after June 30 (in the case of an ordinance adopted before
 42 June 1, 2006) or September 30 (in the case of an ordinance adopted in

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1 2007 or thereafter) of the immediately following year.

2 (e) If the county imposes an additional tax rate under this section,
3 the county treasurer shall establish a county jail revenue fund to be
4 used only for the purposes described in this section. County option
5 income tax revenues derived from the tax rate imposed under this
6 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 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 budget agency shall adjust the certified distribution of the county
19 to provide for an increased distribution of taxes in the immediately
20 following calendar year after the county adopts the increased tax rate
21 and in each calendar year thereafter. The budget agency shall provide
22 for a full transition to certification of distributions as provided in
23 section 17(a)(1) through 17(a)(2) of this chapter in the manner
24 provided in section 17(c) of this chapter.

25 SECTION 10. IC 6-3.5-6-33, AS AMENDED BY P.L.182-2009(ss),
26 SECTION 226, IS AMENDED TO READ AS FOLLOWS
27 [EFFECTIVE JANUARY 1, 2011]: Sec. 33. (a) This section applies
28 only to Monroe County.

29 (b) Maintaining low property tax rates is essential to economic
30 development, and the use of county option income tax revenues as
31 provided in this chapter and as needed in the county to fund the
32 operation and maintenance of a juvenile detention center and other
33 facilities to provide juvenile services, rather than the use of property
34 taxes, promotes that purpose.

35 (c) In addition to the rates permitted by sections 8 and 9 of this
36 chapter, the county fiscal body may impose an additional county option
37 income tax at a rate of not more than twenty-five hundredths percent
38 (0.25%) on the adjusted gross income of ~~resident~~ county taxpayers if
39 the county fiscal body makes the finding and determination set forth in
40 subsection (d). ~~Section 8(e) of this chapter applies to the application of~~
41 ~~the additional rate to nonresident taxpayers.~~

42 (d) In order to impose the county option income tax as provided in

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1 this section, the county fiscal body must adopt an ordinance:
 2 (1) finding and determining that revenues from the county option
 3 income tax are needed in the county to fund the operation and
 4 maintenance of a juvenile detention center and other facilities
 5 necessary to provide juvenile services; and
 6 (2) agreeing to freeze for the term in which an ordinance is in
 7 effect under this section the part of any property tax levy imposed
 8 in the county for the operation of the juvenile detention center and
 9 other facilities covered by the ordinance at the rate imposed in the
 10 year preceding the year in which a full year of additional county
 11 option income tax is certified for distribution to the county under
 12 this section.

13 (e) If the county fiscal body makes a determination under subsection
 14 (d), the county fiscal body may adopt a tax rate under subsection (c).
 15 Subject to the limitations in subsection (c), the county fiscal body may
 16 amend an ordinance adopted under this section to increase, decrease,
 17 or rescind the additional tax rate imposed under this section. As soon
 18 as practicable after the adoption of an ordinance under this section, the
 19 county fiscal body shall send a certified copy of the ordinance to the
 20 county auditor, the department of local government finance, and the
 21 department of state revenue. An ordinance adopted under this section
 22 before August 1 in a year applies to the imposition of county income
 23 taxes after September 30 in that year. An ordinance adopted under this
 24 section after July 31 of a year initially applies to the imposition of
 25 county option income taxes after September 30 of the immediately
 26 following year.

27 (f) The county treasurer shall establish a county juvenile detention
 28 center revenue fund to be used only for the purposes described in this
 29 section. County option income tax revenues derived from the tax rate
 30 imposed under this section shall be deposited in the county juvenile
 31 detention center revenue fund before a certified distribution is made
 32 under section 18 of this chapter.

33 (g) County option income tax revenues derived from the tax rate
 34 imposed under this section:
 35 (1) may be used only for the purposes described in this section;
 36 and
 37 (2) may not be considered by the department of local government
 38 finance in determining the county's maximum permissible
 39 property tax levy limit under IC 6-1.1-18.5.

40 (h) The department of local government finance shall enforce an
 41 agreement made under subsection (d)(2).

42 (i) The budget agency shall adjust the certified distribution of a

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1 county to provide for an increased distribution of taxes in the
2 immediately following calendar year after the county adopts an
3 increased tax rate under this section and in each calendar year
4 thereafter. The budget agency shall provide for a full transition to
5 certification of distributions as provided in section 17(a)(1) through
6 17(a)(2) of this chapter in the manner provided in section 17(c) of this
7 chapter.

8 SECTION 11. [EFFECTIVE JANUARY 1, 2011] (a)
9 IC 6-3.5-1.1-2, IC 6-3.5-1.1-3, IC 6-3.5-1.1-3.1, IC 6-3.5-1.1-11,
10 IC 6-3.5-6-8, IC 6-3.5-6-9, IC 6-3.5-6-27, IC 6-3.5-6-28,
11 IC 6-3.5-6-29, and IC 6-3.5-6-33, all as amended by this act, apply
12 to taxable years beginning after December 31, 2010.

13 (b) This SECTION expires July 1, 2014.

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