



February 18, 2011

HOUSE BILL No. 1252

DIGEST OF HB 1252 (Updated February 17, 2011 11:10 am - DI 75)

Citations Affected: IC 6-3.5.

Synopsis: CEDIT for Perry County jail. Authorizes the Perry County council to impose an additional county economic development income tax (EDIT) rate of up to 0.5% of a county taxpayer's adjusted gross income to construct or improve the county jail. Provides that the Perry County CEDIT tax rate plus the county option income tax (COIT) rate may not exceed 1.75% of a county taxpayer's adjusted gross income.

Effective: Upon passage.

Ellspermann, Davisson

January 12, 2011, read first time and referred to Committee on Local Government.
February 17, 2011, amended, reported — Do Pass.

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HB 1252—LS 6986/DI 116+



February 18, 2011

First Regular Session 117th General Assembly (2011)

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 2010 Regular Session of the General Assembly.

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HOUSE BILL No. 1252



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 6-3.5-7-5, AS AMENDED BY P.L.146-2008,
 2 SECTION 344, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in
 4 subsection (c), the county economic development income tax may be
 5 imposed on the adjusted gross income of county taxpayers. The entity
 6 that may impose the tax is:
 7 (1) the county income tax council (as defined in IC 6-3.5-6-1) if
 8 the county option income tax is in effect on March 31 of the year
 9 the county economic development income tax is imposed;
 10 (2) the county council if the county adjusted gross income tax is
 11 in effect on March 31 of the year the county economic
 12 development tax is imposed; or
 13 (3) the county income tax council or the county council,
 14 whichever acts first, for a county not covered by subdivision (1)
 15 or (2).
 16 To impose the county economic development income tax, a county
 17 income tax council shall use the procedures set forth in IC 6-3.5-6

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1 concerning the imposition of the county option income tax.

2 (b) Except as provided in subsections (c), (g), (k), (p), and (r) and

3 section 28 of this chapter, the county economic development income

4 tax may be imposed at a rate of:

5 (1) one-tenth percent (0.1%);

6 (2) two-tenths percent (0.2%);

7 (3) twenty-five hundredths percent (0.25%);

8 (4) three-tenths percent (0.3%);

9 (5) thirty-five hundredths percent (0.35%);

10 (6) four-tenths percent (0.4%);

11 (7) forty-five hundredths percent (0.45%); or

12 (8) five-tenths percent (0.5%);

13 on the adjusted gross income of county taxpayers.

14 (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o),

15 (p), (s), (v), (w), (x), or (y), the county economic development income

16 tax rate plus the county adjusted gross income tax rate, if any, that are

17 in effect on January 1 of a year may not exceed one and twenty-five

18 hundredths percent (1.25%). Except as provided in subsection (g), (p),

19 (r), (t), (u), (w), (x), or (y), the county economic development tax rate

20 plus the county option income tax rate, if any, that are in effect on

21 January 1 of a year may not exceed one percent (1%).

22 (d) To impose, increase, decrease, or rescind the county economic

23 development income tax, the appropriate body must, after March 31

24 but before August 1 of a year, adopt an ordinance. The ordinance to

25 impose the tax must substantially state the following:

26 "The _____ County _____ imposes the county economic

27 development income tax on the county taxpayers of _____

28 County. The county economic development income tax is imposed at

29 a rate of _____ percent (____%) on the county taxpayers of the

30 county. This tax takes effect October 1 of this year."

31 (e) Any ordinance adopted under this chapter takes effect October

32 1 of the year the ordinance is adopted.

33 (f) The auditor of a county shall record all votes taken on ordinances

34 presented for a vote under the authority of this chapter and shall, not

35 more than ten (10) days after the vote, send a certified copy of the

36 results to the commissioner of the department by certified mail.

37 (g) This subsection applies to a county having a population of more

38 than one hundred forty-eight thousand (148,000) but less than one

39 hundred seventy thousand (170,000). Except as provided in subsection

40 (p), in addition to the rates permitted by subsection (b), the:

41 (1) county economic development income tax may be imposed at

42 a rate of:

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1 (A) fifteen-hundredths percent (0.15%);
 2 (B) two-tenths percent (0.2%); or
 3 (C) twenty-five hundredths percent (0.25%); and
 4 (2) county economic development income tax rate plus the county
 5 option income tax rate that are in effect on January 1 of a year
 6 may equal up to one and twenty-five hundredths percent (1.25%);
 7 if the county income tax council makes a determination to impose rates
 8 under this subsection and section 22 of this chapter.

9 (h) For a county having a population of more than forty-one
 10 thousand (41,000) but less than forty-three thousand (43,000), except
 11 as provided in subsection (p), the county economic development
 12 income tax rate plus the county adjusted gross income tax rate that are
 13 in effect on January 1 of a year may not exceed one and thirty-five
 14 hundredths percent (1.35%) if the county has imposed the county
 15 adjusted gross income tax at a rate of one and one-tenth percent (1.1%)
 16 under IC 6-3.5-1.1-2.5.

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

23 (j) For a county having a population of more than seventy-one
 24 thousand (71,000) but less than seventy-one thousand four hundred
 25 (71,400), except as provided in subsection (p), the county economic
 26 development income tax rate plus the county adjusted gross income tax
 27 rate that are in effect on January 1 of a year may not exceed one and
 28 five-tenths percent (1.5%).

29 (k) This subsection applies to a county having a population of more
 30 than twenty-seven thousand four hundred (27,400) but less than
 31 twenty-seven thousand five hundred (27,500). Except as provided in
 32 subsection (p), in addition to the rates permitted under subsection (b):
 33 (1) the county economic development income tax may be imposed
 34 at a rate of twenty-five hundredths percent (0.25%); and
 35 (2) the sum of the county economic development income tax rate
 36 and the county adjusted gross income tax rate that are in effect on
 37 January 1 of a year may not exceed one and five-tenths percent
 38 (1.5%);
 39 if the county council makes a determination to impose rates under this
 40 subsection and section 22.5 of this chapter.

41 (l) For a county having a population of more than twenty-nine
 42 thousand (29,000) but less than thirty thousand (30,000), except as

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1 provided in subsection (p), the county economic development income
 2 tax rate plus the county adjusted gross income tax rate that are in effect
 3 on January 1 of a year may not exceed one and five-tenths percent
 4 (1.5%).

5 (m) For:

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

9 (2) a county having a population of more than forty-five thousand
 10 (45,000) but less than forty-five thousand nine hundred (45,900);
 11 except as provided in subsection (p), the county economic development
 12 income tax rate plus the county adjusted gross income tax rate that are
 13 in effect on January 1 of a year may not exceed one and five-tenths
 14 percent (1.5%).

15 (n) For a county having a population of more than six thousand
 16 (6,000) but less than eight thousand (8,000), except as provided in
 17 subsection (p), the county economic development income tax rate plus
 18 the county adjusted gross income tax rate that are in effect on January
 19 1 of a year may not exceed one and five-tenths percent (1.5%).

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

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

26 (2) the sum of the county economic development income tax rate
 27 and:

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

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

34 if the county council makes a determination to impose rates under this
 35 subsection and section 24 of this chapter.

36 (p) In addition:

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

41 (2) the:

42 (A) county economic development income tax; and

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1 (B) county option income tax or county adjusted gross income
 2 tax;
 3 may be imposed at combined rates that exceed by not more than
 4 twenty-five hundredths percent (0.25%) the maximum combined
 5 rates that would otherwise apply under this section.

6 However, the additional rate imposed under this subsection may not
 7 exceed the amount necessary to mitigate the increased ad valorem
 8 property taxes on homesteads (as defined in IC 6-1.1-20.9-1 before
 9 January 1, 2009, or IC 6-1.1-12-37 after December 31, 2008) or
 10 residential property (as defined in section 26 of this chapter), as
 11 appropriate under the ordinance adopted by the adopting body in the
 12 county, resulting from the deduction of the assessed value of inventory
 13 in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42 or from the
 14 exclusion in 2008 of inventory from the definition of personal property
 15 in IC 6-1.1-1-11.

16 (q) If the county economic development income tax is imposed as
 17 authorized under subsection (p) at a rate that exceeds the maximum
 18 rate that would otherwise apply under this section, the certified
 19 distribution must be used for the purpose provided in section 25(e) or
 20 26 of this chapter to the extent that the certified distribution results
 21 from the difference between:

- 22 (1) the actual county economic development tax rate; and
- 23 (2) the maximum rate that would otherwise apply under this
- 24 section.

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

- 28 (1) county economic development income tax may be imposed at
- 29 a rate of twenty-five hundredths percent (0.25%); and
- 30 (2) county economic development income tax rate plus the county
- 31 option income tax rate that are in effect on January 1 of a year
- 32 may equal up to one and twenty-five hundredths percent (1.25%);
- 33 if the county council makes a determination to impose rates under this
- 34 subsection and section 27 of this chapter.

35 (s) Except as provided in subsection (p), the county economic
 36 development income tax rate plus the county adjusted gross income tax
 37 rate that are in effect on January 1 of a year may not exceed one and
 38 five-tenths percent (1.5%) if the county has imposed the county
 39 adjusted gross income tax under IC 6-3.5-1.1-3.3.

40 (t) This subsection applies to Howard County. Except as provided
 41 in subsection (p), the sum of the county economic development income
 42 tax rate and the county option income tax rate that are in effect on

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1 January 1 of a year may not exceed one and twenty-five hundredths
2 percent (1.25%).

3 (u) This subsection applies to Scott County. Except as provided in
4 subsection (p), the sum of the county economic development income
5 tax rate and the county option income tax rate that are in effect on
6 January 1 of a year may not exceed one and twenty-five hundredths
7 percent (1.25%).

8 (v) This subsection applies to Jasper County. Except as provided in
9 subsection (p), the sum of the county economic development income
10 tax rate and the county adjusted gross income tax rate that are in effect
11 on January 1 of a year may not exceed one and five-tenths percent
12 (1.5%).

13 (w) An additional county economic development income tax rate
14 imposed under section 28 of this chapter may not be considered in
15 calculating any limit under this section on the sum of:

- 16 (1) the county economic development income tax rate plus the
- 17 county adjusted gross income tax rate; or
- 18 (2) the county economic development tax rate plus the county
- 19 option income tax rate.

20 (x) The income tax rate limits imposed by subsection (c) or (y) or
21 any other provision of this chapter do not apply to:

- 22 (1) a county adjusted gross income tax rate imposed under
- 23 IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or
- 24 (2) a county option income tax rate imposed under IC 6-3.5-6-30,
- 25 IC 6-3.5-6-31, or IC 6-3.5-6-32.

26 For purposes of computing the maximum combined income tax rate
27 under subsection (c) or (y) or any other provision of this chapter that
28 may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this
29 chapter, a county's county adjusted gross income tax rate or county
30 option income tax rate for a particular year does not include the county
31 adjusted gross income tax rate imposed under IC 6-3.5-1.1-24,
32 IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate
33 imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

34 (y) This subsection applies to Monroe County. Except as provided
35 in subsection (p), if an ordinance is adopted under IC 6-3.5-6-33, the
36 sum of the county economic development income tax rate and the
37 county option income tax rate that are in effect on January 1 of a year
38 may not exceed one and twenty-five hundredths percent (1.25%).

39 **(z) This subsection applies to Perry County. Except as provided**
40 **in subsection (p), if an ordinance is adopted under section 27.5 of**
41 **this chapter, the county economic development income tax rate**
42 **plus the county option income tax rate that is in effect on January**

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1 **1 of a year may not exceed one and seventy-five hundredths**
 2 **percent (1.75%).**

3 SECTION 2. IC 6-3.5-7-12, AS AMENDED BY P.L.182-2009(ss),
 4 SECTION 229, IS AMENDED TO READ AS FOLLOWS
 5 [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in
 6 sections 23, 25, 26, 27, **27.5**, and 28 of this chapter, the county auditor
 7 shall distribute in the manner specified in this section the certified
 8 distribution to the county.

9 (b) Except as provided in subsections (c) and (h) and sections 15
 10 and 25 of this chapter, and subject to adjustment as provided in
 11 IC 36-8-19-7.5, the amount of the certified distribution that the county
 12 and each city or town in a county is entitled to receive during May and
 13 November of each year equals the product of the following:

14 (1) The amount of the certified distribution for that month;
 15 multiplied by

16 (2) A fraction. The numerator of the fraction equals the sum of:
 17 (A) total property taxes that are first due and payable to the
 18 county, city, or town during the calendar year in which the
 19 month falls; plus

20 (B) for a county, the welfare allocation amount.

21 The denominator of the fraction equals the sum of the total
 22 property taxes that are first due and payable to the county and all
 23 cities and towns of the county during the calendar year in which
 24 the month falls, plus the welfare allocation amount. The welfare
 25 allocation amount is an amount equal to the sum of the property
 26 taxes imposed by the county in 1999 for the county's welfare fund
 27 and welfare administration fund and, if the county received a
 28 certified distribution under this chapter in 2008, the property
 29 taxes imposed by the county in 2008 for the county's county
 30 medical assistance to wards fund, family and children's fund,
 31 children's psychiatric residential treatment services fund, county
 32 hospital care for the indigent fund, and children with special
 33 health care needs county fund.

34 (c) This subsection applies to a county council or county income tax
 35 council that imposes a tax under this chapter after June 1, 1992. The
 36 body imposing the tax may adopt an ordinance before July 1 of a year
 37 to provide for the distribution of certified distributions under this
 38 subsection instead of a distribution under subsection (b). The following
 39 apply if an ordinance is adopted under this subsection:

40 (1) The ordinance is effective January 1 of the following year.

41 (2) Except as provided in sections 25 and 26 of this chapter, the
 42 amount of the certified distribution that the county and each city

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1 and town in the county is entitled to receive during May and
2 November of each year equals the product of:

3 (A) the amount of the certified distribution for the month;
4 multiplied by

5 (B) a fraction. For a city or town, the numerator of the fraction
6 equals the population of the city or the town. For a county, the
7 numerator of the fraction equals the population of the part of
8 the county that is not located in a city or town. The
9 denominator of the fraction equals the sum of the population
10 of all cities and towns located in the county and the population
11 of the part of the county that is not located in a city or town.

12 (3) The ordinance may be made irrevocable for the duration of
13 specified lease rental or debt service payments.

14 (d) The body imposing the tax may not adopt an ordinance under
15 subsection (c) if, before the adoption of the proposed ordinance, any of
16 the following have pledged the county economic development income
17 tax for any purpose permitted by IC 5-1-14 or any other statute:

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

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

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

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

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

38 SECTION 3. IC 6-3.5-7-13.1, AS AMENDED BY
39 P.L.182-2009(ss), SECTION 227, IS AMENDED TO READ AS
40 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13.1. (a) The fiscal
41 officer of each county, city, or town for a county in which the county
42 economic development tax is imposed shall establish an economic

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1 development income tax fund. Except as provided in sections 23, 25,
 2 26, ~~and 27~~, **and 27.5** of this chapter, the revenue received by a county,
 3 city, or town under this chapter shall be deposited in the unit's
 4 economic development income tax fund.

5 (b) As used in this subsection, "homestead" means a homestead that
 6 is eligible for a standard deduction under IC 6-1.1-12-37. Except as
 7 provided in sections 15, 23, 25, 26, ~~and 27~~, **and 27.5** of this chapter,
 8 revenues from the county economic development income tax may be
 9 used as follows:

10 (1) By a county, city, or town for economic development projects,
 11 for paying, notwithstanding any other law, under a written
 12 agreement all or a part of the interest owed by a private developer
 13 or user on a loan extended by a financial institution or other
 14 lender to the developer or user if the proceeds of the loan are or
 15 are to be used to finance an economic development project, for
 16 the retirement of bonds under section 14 of this chapter for
 17 economic development projects, for leases under section 21 of
 18 this chapter, or for leases or bonds entered into or issued prior to
 19 the date the economic development income tax was imposed if
 20 the purpose of the lease or bonds would have qualified as a
 21 purpose under this chapter at the time the lease was entered into
 22 or the bonds were issued.

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

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

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

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

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

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

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

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

42 (3) By a county, city, or town for any lawful purpose for which

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money in any of its other funds may be used.
(4) By a city or county described in IC 36-7.5-2-3(b) for making transfers required by IC 36-7.5-4-2. If the county economic development income tax rate is increased after April 30, 2005, in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000), the first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be used by the county or by eligible municipalities (as defined in IC 36-7.5-1-11.3) in the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before certified distributions are made to the county or any cities or towns in the county under this chapter from the tax revenue that results each year from the tax rate increase. If a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000) ceases to be a member of the northwest Indiana regional development authority under IC 36-7.5 but two (2) or more municipalities in the county have become members of the northwest Indiana regional development authority as authorized by IC 36-7.5-2-3(i), the county treasurer shall continue to transfer the three million five hundred thousand dollars (\$3,500,000) to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before certified distributions are made to the county or any cities or towns in the county. In a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000), all of the tax revenue that results each year from the tax rate increase that is in excess of the first three million five hundred thousand dollars (\$3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for homestead credits under subdivision (5).
(5) This subdivision applies only in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). All of the tax revenue that results each year from a tax rate increase described in subdivision (4) that is in excess of the first three million five

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1 hundred thousand dollars (\$3,500,000) that results each year from
2 the tax rate increase must be used by the county and cities and
3 towns in the county for homestead credits under this subdivision.
4 The following apply to homestead credits provided under this
5 subdivision:

6 (A) The homestead credits must be applied uniformly to
7 provide a homestead credit for homesteads in the county, city,
8 or town.

9 (B) The homestead credits shall be treated for all purposes as
10 property tax levies.

11 (C) The homestead credits shall be applied to the net property
12 taxes due on the homestead after the application of all other
13 assessed value deductions or property tax deductions and
14 credits that apply to the amount owed under IC 6-1.1.

15 (D) The department of local government finance shall
16 determine the homestead credit percentage for a particular
17 year based on the amount of county economic development
18 income tax revenue that will be used under this subdivision to
19 provide homestead credits in that year.

20 (6) This subdivision applies only in a county having a population
21 of more than four hundred thousand (400,000) but less than seven
22 hundred thousand (700,000). A county or a city or town in the
23 county may use county economic development income tax
24 revenue to provide homestead credits in the county, city, or town.
25 The following apply to homestead credits provided under this
26 subdivision:

27 (A) The county, city, or town fiscal body must adopt an
28 ordinance authorizing the homestead credits. The ordinance
29 must:

30 (i) be adopted before September 1 of a year to apply to
31 property taxes first due and payable in the following year;
32 and

33 (ii) specify the amount of county economic development
34 income tax revenue that will be used to provide homestead
35 credits in the following year.

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

41 (C) The homestead credits must be applied uniformly to
42 increase the homestead credit under IC 6-1.1-20.9 for

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homesteads in the county, city, or town (for property taxes first due and payable before January 1, 2009) or to provide a homestead credit for homesteads in the county, city, or town (for property taxes first due and payable after December 31, 2008).

(D) The homestead credits shall be treated for all purposes as property tax levies.

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

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

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

- (8) This subdivision applies only to a county:
 - (A) that has a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); and
 - (B) in which:
 - (i) the county fiscal body has adopted an ordinance under IC 36-7.5-2-3(e) providing that the county is joining the northwest Indiana regional development authority; and
 - (ii) the fiscal body of the city described in IC 36-7.5-2-3(e) has adopted an ordinance under IC 36-7.5-2-3(e) providing that the city is joining the development authority.

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

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1 before certified distributions are made to the county or any cities
2 or towns in the county under this chapter from the tax revenue
3 that results each year from the tax rate increase. All of the tax
4 revenue that results each year from the tax rate increase that is in
5 excess of the first three million five hundred thousand dollars
6 (\$3,500,000) that results each year from the tax rate increase must
7 be used by the county and cities and towns in the county for
8 homestead credits under subdivision (9).

9 (9) This subdivision applies only to a county described in
10 subdivision (8). All of the tax revenue that results each year from
11 a tax rate increase described in subdivision (8) that is in excess of
12 the first three million five hundred thousand dollars (\$3,500,000)
13 that results each year from the tax rate increase must be used by
14 the county and cities and towns in the county for homestead
15 credits under this subdivision. The following apply to homestead
16 credits provided under this subdivision:

17 (A) The homestead credits must be applied uniformly to
18 provide a homestead credit for homesteads in the county, city,
19 or town.

20 (B) The homestead credits shall be treated for all purposes as
21 property tax levies.

22 (C) The homestead credits shall be applied to the net property
23 taxes due on the homestead after the application of all other
24 assessed value deductions or property tax deductions and
25 credits that apply to the amount owed under IC 6-1.1.

26 (D) The department of local government finance shall
27 determine the homestead credit percentage for a particular
28 year based on the amount of county economic development
29 income tax revenue that will be used under this subdivision to
30 provide homestead credits in that year.

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

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

34 (A) promote significant opportunities for the gainful
35 employment of its citizens;

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

37 (C) retain or expand a significant business enterprise within
38 the unit; and

39 (2) involves an expenditure for:

40 (A) the acquisition of land;

41 (B) interests in land;

42 (C) site improvements;

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- 1 (D) infrastructure improvements;
- 2 (E) buildings;
- 3 (F) structures;
- 4 (G) rehabilitation, renovation, and enlargement of buildings
- 5 and structures;
- 6 (H) machinery;
- 7 (I) equipment;
- 8 (J) furnishings;
- 9 (K) facilities;
- 10 (L) administrative expenses associated with such a project,
- 11 including contract payments authorized under subsection
- 12 (b)(2)(D);
- 13 (M) operating expenses authorized under subsection (b)(2)(E);
- 14 or
- 15 (N) to the extent not otherwise allowed under this chapter,
- 16 substance removal or remedial action in a designated unit;
- 17 or any combination of these.

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

24 SECTION 4. IC 6-3.5-7-27.5 IS ADDED TO THE INDIANA
 25 CODE AS A NEW SECTION TO READ AS FOLLOWS
 26 [EFFECTIVE UPON PASSAGE]: **Sec. 27.5. (a) This section applies**
 27 **to Perry County.**

28 **(b) Perry County possesses unique governmental and economic**
 29 **development challenges due to:**

- 30 **(1) underemployment in relation to similarly situated counties**
- 31 **and the loss of a major manufacturing business; and**
- 32 **(2) overcrowding of the county jail, the costs associated with**
- 33 **housing the county's inmates outside the county, and the**
- 34 **potential unavailability of additional housing for inmates**
- 35 **outside the county.**

36 **The use of county economic development income tax revenue**
 37 **under this section is necessary for the county to provide adequate**
 38 **jail capacity in the county and to maintain low property tax rates**
 39 **essential to economic development. The use of the economic**
 40 **development income tax revenues under this section for the**
 41 **purposes described in subsection (c) promotes that purpose.**

42 **(c) The county council may, by ordinance, determine that**

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1 additional county economic development income tax revenue is
2 needed in the county to:

3 (1) finance, construct, acquire, improve, renovate, remodel, or
4 equip the county jail and related buildings and parking
5 facilities, including costs related to the demolition of existing
6 buildings, the acquisition of land, and any other reasonably
7 related costs; and

8 (2) repay bonds issued or leases entered into for constructing,
9 acquiring, improving, renovating, remodeling, and equipping
10 the county jail and related buildings and parking facilities,
11 including costs related to the demolition of existing buildings,
12 the acquisition of land, and any other reasonably related
13 costs.

14 (d) In addition to the rates permitted under section 5 of this
15 chapter, the county council may impose the county economic
16 development income tax at a rate not to exceed five-tenths percent
17 (0.5%) on the adjusted gross income of county taxpayers. The
18 ordinance imposing the additional tax must include the
19 determination described in subsection (c). The tax imposed under
20 this section may be imposed only until the later of the year in which
21 the financing on, acquisition, improvement, renovation,
22 remodeling, and equipping described in subsection (c) are
23 completed or the year in which the last of any bonds issued or
24 leases entered into to finance the construction, acquisition,
25 improvement, renovation, remodeling, and equipping described in
26 subsection (b)(1) is fully paid. The term of the bonds issued
27 (including any refunding bonds) or a lease entered into under
28 subsection (c)(2) may not exceed twenty-five (25) years.

29 (e) If the county council makes a determination under
30 subsection (c), the county council may adopt a tax rate under
31 subsection (d). The tax rate may not be imposed at a rate greater
32 than is necessary to pay the costs of financing, acquiring,
33 improving, renovating, remodeling, and equipping the county jail
34 and related buildings and parking, including costs related to the
35 demolition of existing buildings, the acquisition of land, and any
36 other reasonably related costs.

37 (f) The county treasurer shall establish a county jail revenue
38 fund to be used only for the purposes described in this section.
39 County economic development income tax revenues derived from
40 the tax rate imposed under this section shall be deposited in the
41 county jail revenue fund before making a certified distribution
42 under section 11 of this chapter.

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1 **(g) County economic development income tax revenues derived**
2 **from the tax rate imposed under this section:**
3 **(1) may be used only for the purposes described in this**
4 **section;**
5 **(2) may not be considered by the department of local**
6 **government finance in determining the county's maximum**
7 **permissible property tax levy limit under IC 6-1.1-18.5; and**
8 **(3) may be pledged to the repayment of bonds issued or leases**
9 **entered into for the purposes described in subsection (c).**
10 **(h) Notwithstanding any other law, funds accumulated from the**
11 **county economic development income tax imposed under this**
12 **section after:**
13 **(1) the redemption of bonds issued; or**
14 **(2) the final payment of lease rentals due under a lease**
15 **entered into under this section;**
16 **shall be transferred to the county highway fund to be used for**
17 **construction, resurfacing, restoration, and rehabilitation of county**
18 **highways, roads, and bridges.**
19 **SECTION 5. An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Local Government, to which was referred House Bill 1252, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 7, line 1, delete "five-tenths percent (1.5%)." and insert "**seventy-five hundredths percent (1.75%)**".

Page 15, line 15, delete "twenty-five" and insert "**five-tenths percent (0.5%)**".

Page 15, line 16, delete "hundredths percent (0.25%)".

and when so amended that said bill do pass.

(Reference is to HB 1252 as introduced.)

NEESE, Chair

Committee Vote: yeas 8, nays 1.

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